MARKET ASSESSMENT: ANACOSTIA TRANSIT AREA

Prepared for

DISTRICT OF COLUMBIA OFFICE OF PLANNING

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EXECUTIVE SUMMARY

Hammer Siler George and Associates was retained by the Office of Planning to assess market conditions and development feasibility in the Anacostia Transit Area – the area served by both the Anacostia heavy rail Metro Station and nearby stops of the planned Anacostia Light Rail Transit demonstration line between Good Hope Road and the Anacostia Metro Station. HSGA analyzed both fundamental market support in the area and the feasibility of market-rate development on certain key opportunity sites over the next ten years.

Project Boundaries and Sites

The study area was defined as the area within ½ mile of the heavy rail Anacostia Metro Station and/or within ¼ mile of the light rail transit stop at Good Hope Road and Martin Luther King Jr. Avenue. The area was roughly bounded by Good Hope Road on the northeast, Fort Stanton Park on the southeast, St. Elizabeth's Hospital on the southwest, and Anacostia Park on the northwest and encompasses seven census tracts – 74.01, 74.06, 74.07, 75.03, 75.04, 76.01, and 76.05.

The study identified over 11 acres of underutilized land within the transit area – primarily land currently vacant or used as surface parking lots. Four sites in particular were identified as being key opportunity sites to catalyze investment in the Anacostia area:

1) **Anacostia Gateway Site**, located on the northeast corner of Good Hope Road and Martin Luther King, Jr. Avenue. This site is currently vacant and is the site of the planned Anacostia Gateway Development. Site is controlled by the District. __

2) **Metro Station Site**, located on the site of the Anacostia Metro Station entrance and bus transit station. Site is owned by WMATA. (3.89 acres)

3) **Curtis Properties**, located on the west side of Martin Luther King, Jr. Avenue, between U Street and Chicago Street. Two of these three sites are currently in use as a parking lot and a towing impound yard; the third site contains a vacant building. Site is owned by Curtis Properties. (3.2 acres)

4) **Bethlehem Baptist Church Site**, on a property surrounding the Church, which is on the northeast corner of Martin Luther King, Jr. Avenue and Howard Road. The

property surrounding the church is undeveloped and largely wooded. Site is owned by Bethlehem Baptist Church. (3.91 acres)

In addition to these larger opportunity sites, a number of other sites also exist in the area that are subject to change within the next 3 to 5 years. These sites include:

5) **Former Sheridan Terrace Site**, previously the site of a public housing complex, the site is on the hill above the Metro Station and flanks both sides of Sayles Place SE north of Bowen Road. Negotiations are currently underway to bring a new use to the site and employment and training opportunities to the area. Site is currently controlled by the DC Housing Authority.

6) **Old Nichols Avenue School:** Formerly the original Birney School, the buildings constructed in 1918 and expanded in 1928 remain a focal point for the community and a major architectural asset. Although presently vacant, negotiations are underway to restore and reoccupy the building for educational use. The community has advocated that the building be reoccupied with a catalytic use.

7) **Salvation Army Site:** Several vacant sites on the east side of the 2200 block of Martin Luther King Jr. Avenue have been assembled by the Salvation Army with the intent of constructing a mixed use building to house retail, office, and minimal residential uses.

8) **Infill residential:** In several locations within and bordering the Anacostia Historic District are opportunities for sensitive residential infill development on sites currently primarily used as church parking lots.

9) **Howard Road Sites:** Finally, extensive development opportunity exists along Howard Road SE between the Anacostia Freeway and the Anacostia River. Planned major infrastructure improvements to the South Capitol Street Bridge and approaches make near-term development of these sites unlikely. They will, however, be highly attractive sites after infrastructure construction is complete.

These sites are identified and numbered on the following map.

MAP 1. Potential Project Sites, Anacostia
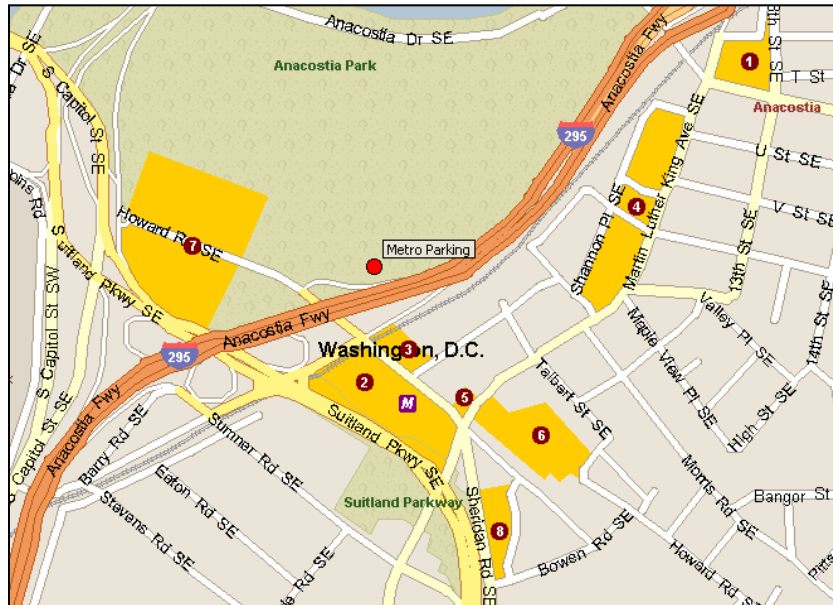
HSGA was asked to analyze the market support for a diversity of uses in the general transit area and the amount of space in each category that could be absorbed by the private market over the next 10 years. In addition, HSGA identified recommended programs for each of the opportunity sites based on feasible pro formas. Demand and capacity for the following uses were explored:

- Private, market-rate office
- Convenience, food-service, and shoppers' goods retail
- Market-rate housing for rental or homeownership
- Industrial uses including light manufacturing, artist studio space, or other urban-compatible industrial uses

Key Opportunities

The Anacostia Transit Area is located at the southern extreme of one of the most rapidly growing transit corridors on the east coast. The Green Line within the District of Columbia runs from the northern station of Fort Totten to Southern Avenue where the District meets Prince George's

County, MD on its southern border. Along this 10 mile corridor, there are presently 6,000 housing units, 1.2 million square feet of retail space, and 7.5 million square feet of office space planned or under construction *outside the traditional downtown core*. Major destinations along the green line include the Arena Stage, MCI arena, Washington Convention Center, and the many cultural venues of historic U Street NW. Major developments along the green line include the planned regional shopping and entertainment hubs of Gallery Place and DC USA in Columbia Heights, and the over $3 billion of investment under construction at the Navy Yard Station – just one station to the north.

The Anacostia Study area is a targeted area for local reinvestment. The entire study area is a designated Enterprise Zone and eligible for DC's Revenue Bond Financing Program. Anacostia is a qualified HUB zone as defined by the U.S. Small Business Administration. In addition, Mayor Williams has identified Anacostia as one of eleven targeted neighborhoods as part of the Strategic Neighborhood Investment Program (SNIP) within which capital investments, infrastructure, and community facility improvements are to be coordinated to create an environment to which private investment can follow.

Beyond its transit assets, Anacostia possesses many geographical advantages. The area is at the crossroads of two major regional roadways - I-295 the Anacostia Freeway, and Suitland Parkway. The area lies less than 1-mile from the National Mall and U.S. Capitol building and is connected across the river on the south by the Fredrick Douglass Bridge (a.k.a. South Capitol Street bridge) and its north by the 11th and 13th Street bridges.

Anacostia's natural assets include national park service land that bookend the neighborhood – Poplar Point in Anacostia Park East to the west and the circle fort park Fort Stanton Park to the east. These assets will grow with the implementation of the Anacostia Waterfront Initiative Poplar Point Plan's vision for a world-class amphitheatre, memorial gardens, renewed wetlands, and active riverwalk animating the Anacostia River Parks system. Still today, the rolling topography of the neighborhood provide unparalleled panoramic views of the Washington skyline while the architecture and character of the historic neighborhood creates a bucolic village feel right in the urban center of the region.

Home sales in the neighborhood are increasing and home values are rising. Large parcels under single ownership means that land assembly is less of an issue in Anacostia than in comparable neighborhoods across the District.

Key Challenges

However, despite its many assets, Anacostia has tremendous challenges. For the past several decades, Anacostia has lost population more rapidly than the District as a whole. Although the Washington Metropolitan Region added roughly 1 million people, population within the District east of the Anacostia River declined over 18%. The middle class, in particular, has left in the greatest numbers. Though this trend appears to be slowing, Anacostia has a long way to go to restore the population it has lost.

Anacostia's capital assets are also significantly less than the District or regional average. Median household income in the area is around $35,500 – somewhat below the District median of over $40,000. The majority of residents are renters rather than homeowners which means that household wealth and equity building is somewhat limited in the neighborhood.

Crime and the perception of crime continues to be a major obstacles to redevelopment. Home prices, while rising, remain well below those of emerging neighborhoods west of the Anacostia River. With the exception of a handful of residential developments at the edges of the transit area – east along Good Hope Road or southeast at Washington Overlook – no major new developments have occurred in the Anacostia transit area since the opening of the metro station in 1990. Existing retail space, while attractive to small entrepreneurs, is largely incompatible with modern chain retail market demands for large floor plates and generous ceiling heights. Traffic congestion clogs many intersections in the neighborhood and requires the removal of on-street parking and restricting major roadways to one-way travel, which in turn hampers retail success. Although geographically close to the downtown, traffic congestion on the bridges makes linkages to downtown unreliable at best. The many acres of parkland adjacent to the neighborhood are largely disconnected from the community and offer only limited recreational options.

Summary of Findings

Assessing Anacostia's assets and deficits, the market study revealed there is reason for optimism in Anacostia's revitalization. HSGA found supportable demand for additional development in the Anacostia transit area. Strongest demand was for additional market-rate housing – particularly for middle-income workers. Recapturing and rebuilding Anacostia's traditional middle-class residential base will further support expanded and improved retail services in the neighborhood. Although office demand is relatively soft, there is significant pent-up retail demand in the neighborhood to support additional convenience, food service, and shopper's goods retail. The retail strategy should focus on strengthening, diversifying and improving existing retail offerings as well as introducing moderate amounts of new, more modern retail accommodations. As industrially zoned land is scarce in the District, Anacostia may possess a competitive advantage in strategically marketing its small pockets of light-industrial land and relatively low land costs to attract artist studios and live-work spaces to provide an additional cultural base for the neighborhood. The findings are summarized in the table below:

Residential:

Condominium	~ 64 units/year over 10 years
Market-rate rental	~54 units/year over 10 years
TOTAL	**~1,200 units over 10 years (120 units/year)**

Convenience Retail:

	Stabilized Population	Moderate Pop Growth
Convenience Retail	60,000 s.f.	100,000 s.f.
Food and Drink Retail	2,000 s.f.	13,000 s.f.
TOTAL	**62,000 s.f.**	**113,000 s.f.**

Shoppers' Goods Retail

|	Low Productivity	High Productivity
Apparel	11,300 s.f.	5,600 s.f.
Furniture and Home Goods	7,900 s.f.	5,500 s.f.
General Merchandise	19,073 s.f.	11,900 s.f.
TOTAL	**38,273 s.f.**	**23,000 s.f.**

Office

Existing:	480,000 s.f.
Planned (private office):	88,000 s.f.
Planned (public sector office)	260,000 s.f.
Estimated unmet demand	– 0 – s.f.
TOTAL	**820,000 s.f.**

SECTION 1. INTRODUCTION AND DEMOGRAPHIC SUMMARY

Seven census tracts make up the Anacostia Transit Area study area – 74.01, 74.06, 74.07, 75.03, 75.04, 76.01, and 76.05. These census tracts include within them four diverse neighborhoods – the historic neighborhood and district of Anacostia in the center, Fairlawn to the north, Fort Stanton to the southeast, and Barry Farm to the southwest. Diverse economic and housing conditions were demonstrated across census tracts within the compact study area.

MAP 1. Anacostia Transit Area Study Area

—— 1-mile Radius	▨ Primary Trade Area and Census Tracts
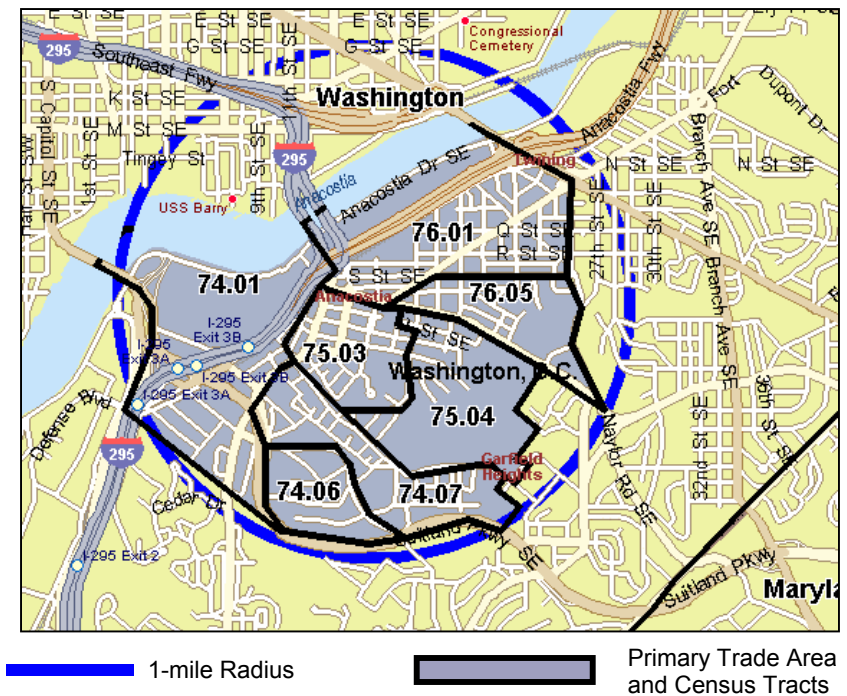
Population and Households

For the last several decades, the District of Columbia has seen a steady decline in population. Anacostia, likewise, has lost substantial population base, although at a somewhat slower rate. Between the 1990 and 2000 Census, the District experienced a 5.7% loss while Anacostia saw a 5.5% decline dropping from 23,028 in 1990 to 21,762 in 2000, however the number of households declined only 2% from 8,281 in 1990 to 8,045 in the 2000 Census. Trends indicate that the decline is reversing both for the city and study area – Claritas, Inc estimates that Anacostia has grown modestly to 8,104 households from 2000 to 2002. Household size in the study area ranged from 2.4 to 3.3 persons per household with an average of 2.67 persons – significantly larger than the District average of 2.14 persons. In most cases renting households tended to be significantly larger than households that owned their home.

Anacostia has long been considered a center of the District's African-American population. Both 2000 Census and 2002 Claritas, Inc data indicated roughly 97% of area residents are African American, compared to approximately 60% African American in the city as a whole. Input from neighborhood residents, however, indicates that the neighborhood is growing racially more diverse with the arrival of new residents.
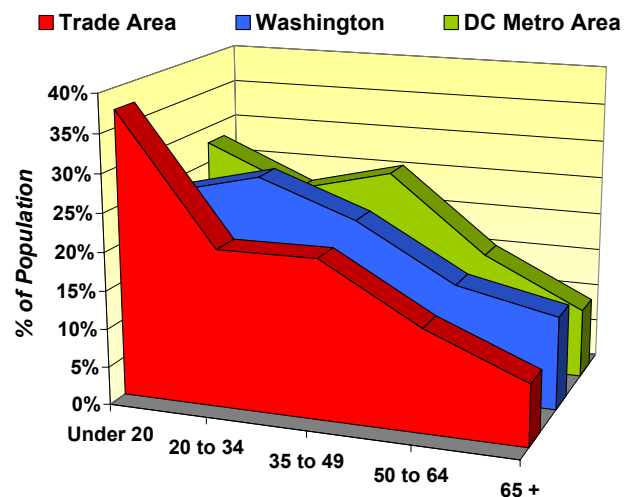
Figure 1 illustrates how the study area contains proportionally more young people than do other parts of the region, but proportionally fewer seniors. Just under a third of the population is younger than 16 years of age, while only 8% are over 65 years. The median age ranged from 18 years in Tract 74.06 to 37 years in Tract 76.01. This compares with the median age in the District of 34.8 years. The study area is

FIGURE 1. Populations by Age Range

Source: U.S. Census Bureau.

significantly more school-age residents than the District average (31% in the study area compared to 18% District-wide), and significantly fewer seniors (8% in the study area compared to 14% in the District). However, the working-age population is comparable in the study area (61%) to the proportion in the District (68%). Two-thirds of residents have a high school degree or higher education, however only 9% have earned a higher education degree.

Income

The Anacostia Transit Area market has a large proportion of low- and moderate-income residents and overall lower per capita, household, and family income than the District and metropolitan area (Figure 2). Median annual household income ranged from $14,000 in the Barry Farm community to $33,000 in the Fort Stanton and Fairlawn neighborhoods – still notably below the District's average of over $40,000. Claritas, Inc. estimates that 33% families

in the study area earn less than $25,000 per year – compared to 19% of District families and 7% of the region. Roughly two-thirds of households earned less than the District's median household income. Recent home sales, however, indicate that new residents tend to have household incomes at or above the District median.

FIGURE 2. Comparative Income Statistics

Source: Claritas, Inc.
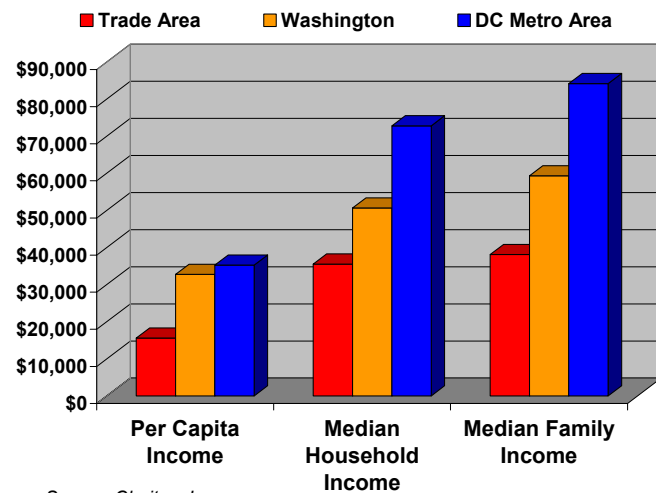
Housing and Tenure

Single family homes account for approximately 34% of the study area residential units. The majority of units (54%) are in garden apartments or other multi-family developments of 5 or more units per building – mostly rental properties. This can partially account for the high proportion of renters in the study area – approximately three-quarters of the residents compared to the 60% share of renters in the District as a whole. Robust home sales – 154 in 2003 alone – indicate a rising trend toward homeownership in the transit area.

Vacancy rates are higher in the study area (13%) than in the District as a whole (10%). The majority of vacant units are rental properties. Median age of housing in the neighborhood ranged from 51 to 55 years in the Historic Anacostia and Fairlawn neighborhoods respectively while in the relatively newer neighborhood of Barry Farm the median age of houses was 35.

Demographic Overview

Table 1-1 below provides a summary of the Trade Area's major demographic characteristics. Complete demographic information is included in Appendix 1.

TABLE 1-1. DEMOGRAPHICS AT A GLANCE

Population, 2002	21,765	Households, 2002	8,104
Population, 1990	23,026	Households, 1990	8,281
Housing Units, 2002	9,277	Average Household Size, 2002	2.67
Occupied Housing Units	8,045		
Population by Race, 2000		Income Measurements, 2002	
Black or African-American[1]	96.8%	Per Capita Personal Income	$15,594/yr.
White[1]	1.1%	Median Household Income	$35,551/yr.
Hispanic or Latino	1.0%	Median Family Income	$38,076/yr.
Other	0.4%	Median Household Wealth	$24,859

[1]*Note: Non-Hispanic or Latino ethnicities only.*
Sources: 2000 data from U.S. Census Bureau; all other data from Claritas, Inc.

SECTION 2. RESIDENTIAL MARKET ASSESSMENT

The study area is comprised primarily of moderate to medium density residential neighborhoods clustered around a traditional "village center" at the commercial crossroads of Good Hope Road and Martin Luther King Jr. Avenue. The neighborhood downtown is a mix of uses that includes neighborhood serving retail and services, neighborhood office space, and a small amount of city-serving office space. The building stock is a mix of unique historic 19th century wood frame buildings and more modern office and garden apartment developments.

EXISTING CONDITIONS

The study area is made up of four distinct neighborhoods. Barry Farm, the southern most neighborhood, is located between St. Elizabeth's hospital and Suitland Parkway. The neighborhood includes a very large number of public housing residences controlled by the DC Housing Authority. A smaller number of private residential properties are located west of Martin Luther King Jr. Avenue. Several vacant single family homes are controlled by the District Government and are a recent pilot restoration project of the District's Home Again initiative. A handful of privately owned garden apartments in the area have undergone recent improvements.

Extending from the ridge above the neighborhood down Morris and Sheridan Roads to the metro station is a portion of the neighborhood of Stanton Park. East of Martin Luther King Jr. Avenue, housing stock is primarily garden apartments constructed between 1950 and 1980 mixed with single family homes ranging from pre-civil war era to more modern vintage. West of the avenue, the Chicago-Shannon Street areas are blocks of traditional DC row homes.   Large vacant parcels in the area exist where the Sheridan Terrace public housing complex once stood, a 120,000 sq. ft. parcel adjacent to Bethlehem Baptist Church, and large WMATA-held properties above and adjacent to the Anacostia Metro Station.

The neighborhood of Anacostia is located south of Good Hope Road and north of Morris Road, east of Fort Stanton Park. A large portion of the neighborhood is included within the Anacostia Historic District which contains a rich collection of Victorian style wood frame homes and later brick homes. Outside of the historic district are several garden apartment developments and commercial properties lining the Martin Luther King Jr. and Good Hope Road retail corridors. Many of the historic homes are in need of repair. Approximately 150 homes in the area have been identified as vacant and/or abandoned by the Home Again initiative. Large redevelopment opportunities exist along Martin Luther King Jr. Avenue on the 2200 block (Curtis Properties site) and 2400 block (future Salvation Army development).

At the north end of the study area is the stable neighborhood of Fairlawn. This neighborhood is characterized by brick row homes or duplexes and a handful of single family detached homes and the large Marbury Plaza building recently converted to a housing cooperative. Proposed infill development in the neighborhood includes new single-family homes at T and 22nd Streets, SE and the planned Government Center building at the intersection of Good Hope Road and Martin Luther King Jr. Avenue.

METHODOLOGY

Residential demand and supportable program for the area was calculated through the following methodology:

1. **Define Primary, Secondary and Inflow Trade Areas.** For the purposes of this analysis, three trade areas were used to quantify the demand. The Primary Trade Area consists of the immediate area surrounding the Anacostia Metro Station. The Secondary Trade Area is made up of the remainder of the District of Columbia east of the Anacostia River, as well as the portion Prince George's County inside the I-495 Beltway and south of Route 50. A third "Inflow" Trade Area is also defined, representing potential demand from the rest of the District. The map on the following page shows the three trade areas.

2. **Calculate Renter and Owner Universes.** The "Universe" is the total number of households in areas that are defined as High-Potential Target Market Areas. These areas are those communities from which there is judged a high potential to attract new residents to Anacostia. A detailed description follows in the text later in this section.

3. **Present and Future Competition.** The primary market area is analyzed for existing and future apartment development to determine the level of competition in the marketplace.

4. **Estimate the Active Market.** The *Active Market* are those households within the Universe who are likely to be in the market for new apartment or ownership housing opportunities.

5. **Estimate the Capture Potential.** Capture Potential refers to the number of households in the Active Market that would likely locate, or be "captured," in a new development in Anacostia.

6. **Calculate the Housing Forecast.** In the final step, the capture rates are applied to the Active Market calculation to render the annual market demand forecast.

Map 1-1. Anacostia Residential Trade Areas
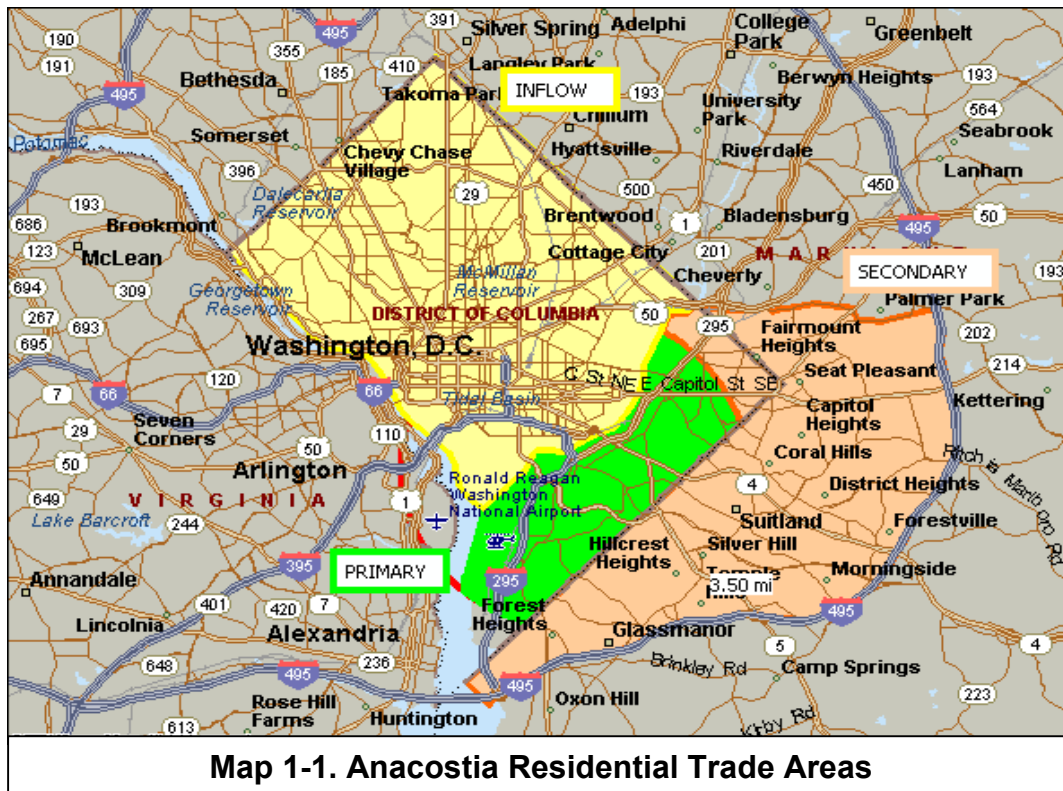
PRIMARY AND SECONDARY TRADE AREA DELINEATION

The primary and secondary trade areas for the housing market are different from those for either the retail or office markets analyzed elsewhere in this report. This is because residential location decisions are based on a different set of priorities and preferences than those of retail or commercial locations. The Primary Trade Area consists of those Census Tracts within an area that extends from the center of Anacostia approximately 3½ miles. This area constitutes the existing neighborhoods whose residents would likely be attracted to new residential offerings around the Anacostia Metro Station.

The Secondary Trade Area consists of the rest of the District east of the Anacostia River, as well as portions of Prince George's County south of Route 50 and inside the Capital Beltway. This second group, many of whom once lived in the Anacostia area, represent another significant pool of potential home buyers or tenants.

The final area, called Inflow Trade Area, consists of the rest of the District, west of the Anacostia River. Because these households currently live in the District, they are likely candidates to relocate to another location within the city, particularly as residential prices in rapidly gentrifying neighborhoods such as Shaw, Columbia Heights, and north Capitol Hill rise out of reach of many households seeking to locate or remain in the District.

Demographic Composition: Primary and Secondary Markets

As the Primary Trade Area extends well beyond the immediate transit area, it is important to understand the larger demographic conditions and trends of the Primary and Secondary trade areas. Population in the Primary Trade Area is estimated to have declined one percent from 112,082 in 2000 to 111,131 in 2003. At the same time, the number of households remained relative constant – with a slight estimated gain of seven households increasing from 43,318 to 43,325 over the same period (Table 2-1).

TABLE 2-1. POPULATION AND HOUSEHOLDS, 1990-2003

Population	Primary Area	Secondary Area
2003	111,131	168,816
2000	112,082	167,431
1990	128,650	168,602
Households		
2003	43,325	63,153
2000	43,318	62,275
1990	46,955	60,544
Race/Ethnicity		
Black or African-American	104,287	154,887
White	4,360	8,217
Other	2,484	5,712

Sources: Claritas, Inc. and U.S. Census Bureau.

Housing Tenure.   During our analysis of the residential market potential, several important findings were made with respect to housing unit occupancy. According to the U.S. Census Bureau, nearly 70% of all occupied housing units in the Primary Trade Area are rental units. In the Secondary Trade Area, renters occupy 45% of all housing units. Citywide, 53% of the occupied housing units are rentals versus only 34% for the greater Washington metro area. Another key finding was regarding vacancy: as shown in the table below, vacancy in the Primary Area is nearly 13% compared to 8.6% in the Secondary Area and 9.6% in the District overall.

TABLE 2-2. HOUSING UNITS BY TRADE AREA, 2003

Area	Total Housing Units	Owner Occupied	Renter Occupied	Percent Renter Occupied	Vacant	Percent Vacant
Primary Trade Area	49,644	13,111	30,214	60.9%	6,319	12.7%
Secondary Trade Area	69,066	34,660	28,493	41.3%	5,913	8.6%
Washington, D.C.	276,619	101,899	148,066	53.5%	26,654	9.6%

Sources: Claritas, Inc. and Hammer, Siler, George Associates.

RESIDENTIAL MARKET FORECAST

Depending on their life circumstances, potential residents choose housing based on price; tenancy (i.e. for rent of for sale); location and accessibility; unit size, configuration, age and amenities; neighborhood amenities such as quality of schools, recreation opportunities, and retail services; proximity to friends and church; transportation factors including proximity to transit; neighborhood clean and safe factors; investment value; and various personal qualitative measures such as architectural character, waterfront or skyline views, open space, etc. among many other factors.

Based upon the analysis of the demographic trends above, as well as an investigation of existing market conditions and the sites available for residential development, the following analysis focuses on condominium ownership units and rental market rate units.

OWNERSHIP MARKET

To determine the potential ownership market, it was necessary to determine the "ownership universe" and analyze the past sales trends of both condominiums and single family units in the greater Anacostia area as well as condo sales trends in Washington, DC and surrounding communities. In addition, interviews with real estate brokers familiar with Anacostia and the greater District residential market were conducted. All factors were considered in deriving market forecasts for ownership units in the Anacostia Transit Area

Ownership Universe. The "ownership universe" is the total number of households within a given income range who currently reside in those communities from which there is a high potential to attract ownership residents to Anacostia. Some of the key characteristic of typical households within the Owner Universe included:

➤ Income - Primary $75,000-$150,000

➤ Income – Secondary (25%) $150,000

➤ Age   25-64

➤ Ethnicity   Predominantly African-American

➤ Housing Status   Renters/Owners

Housing Sales Trends Analysis

Housing sales trends in the greater Anacostia for the 1999 to 2003 sales period are analyzed below. We have looked at both single family detached and attached as well as condo units. The table below shows the sales provided to us by the D.C. Tax Assessor's Office.

TABLE 1-3. RESIDENTIAL SALES SUMMARY, ANACOSTIA AREA, 1/1999 to 10/2003

Use Code	Use Code Description	Sales	% of Total
1	Residential-Single Family	4	2.1%
11	Residential-Row-Single Family	55	29.4%
12	Residential-Detached-Single Family	47	25.1%
13	Residential-Semi-Detached-Single Family	40	21.4%
21	Residential-Apartment-Walk-up	16	8.6%
23	Residential-Flats-Less than 5	23	12.3%
24	Residential-Conversions-Less than 5	2	1.1%
		187	**100.0%**

Source: DC Office of the Tax Assessor

In 2003 alone there were 167 total housing sales in the Anacostia and Barry Farm residential areas, according to the District of Columbia Office of the Tax Assessor. Aggregated home sales

exceeded $8.5 million. There were 13 home sales in the first month of 2004 – on par to match the pace of sales of the previous year. This data indicates that Anacostia has attracted the attention of residential investors as a good place to live as well as to secure a return on that investment.

Another facet of the ownership housing demand analysis is to identify the sales trends by price point. The table below shows the same sales history discussed above broken down by sales price ranges. The majority of sales in the Anacostia area have been between $75,000 and $150,000. Although many of the sale prices are below market-rate, there is also a good quantity of market-rate housing available to middle-income young professionals and families. As indicated earlier, the market area's housing stock is aging with minimal new construction since the 1970's, therefore the majority of home sales were for older units.

TABLE 2-4. SALES BY PRICE RANGE, ANACOSTIA, JAN 2003 – FEB 2004

All Residential Sales	Number	Percent
$10,000-50,000	7	4.2%
$50,001-75,000	24	14.4%
$75,001-100,000	38	22.8%
$100,001-125,000	49	29.3%
$125,001-150,000	33	19.8%
$150,001 and above	16	9.4%
Total	**167**	**100.0%**
Source: DC Assessors Office		

Condominium Sales in the Anacostia Market

The Anacostia Transit Area currently does not offer newly constructed condominium units. Slightly beyond a ½ mile walk from the Metro Station is the Overlook at Washington View completed by Manna and Bank of America.

The Bank of America Community Development Corporation purchased the Washington View Apartments in 1995. The units were rehabbed and sold as a mixed income home ownership project. According to Bank of America, the following are the locational characteristics of people who purchased the the sold units.

➤ 19 units (27%) sold to South-east Washington residents

    o   Eight of which to former Washington View Apartment tenants

➤ 34 units (49%) sold to other Washington, DC residents

➤ 17 units (24%) sold to suburban inflow residents.

The success of this project provides convincing evidence that the south-east residential ownership market is beginning to demonstrate the attraction of market share from other parts of the District and from the suburbs and can attract market rate home ownership with units priced in the $92,000 to $167,000 range. We believe that this suggest that the market is poised to expand into higher priced categories where sales prices might range from $150,000 to $200,000.

Condominium Sales in the Greater D.C. Market

Condo sales city-wide were extremely strong during the first quarter of 2003 increasing by 25 percent. The trend shows this growth in sales to maintain this upward trend. In terms of price of units, the high growth occurred in units priced above $200,000. Sales of units priced below $200,000 were actually 33 percent below those figures for the first quarter of 2002. The table below shows the sales of condos in 2002 and 2003 by price range.

TABLE 1.6. CONDO SALES BY PRICE RANGE,
WASHINGTON, DC, YEAR-TO-DATE 2002-2003

Price Range	2002	2003
$0-$49,000	68	27
$90,000-99,999	202	121
$100,000-149,999	309	237
$150,000-199,999	449	402
$200,000-299,999	685	937
$300,000-399,999	428	611
$400,000-499,999	152	250
$500,000 and above	141	196
Total	**2,434**	**2,781**

Source: MRIS, The Condo Connection

In 2002, 57.7 percent of all sales occurred in units priced $200,000 or above. Likewise, in 2003 these over $200,000 sales comprised nearly 72 percent of all condo sales.

Interviews with Real Estate Brokers/Developers

As a part of this analysis interviews were conducted with many of the brokers and property developers that are now active in the Anacostia area. As would be expected, the results of the interviews crossed a wide spectrum in terms of active sales and market outlook. However, several important points were shared by a majority of those we spoke to. Theses key points are described below.

Slow Sales. For the most part, and with the exception of the Overlook development, sales of condos in the Anacostia area have been slow, especially compared to the rapid sales in the rest of the city. Most property owners are reporting days on market of 45 or greater at the quickest. It should be noted, however, that in most cases this has not been new product. New product would likely achieve a more rapid market response.

Sales Price. The average sales price for a one bedroom condo in the Anacostia market is $75,000 with two bedroom units selling for $85,000 on average for existing product.

Rehab v. New Construction. Most of the units now available on the market in Anacostia are rehab units. These include both condo units that have been refurbished as well as smaller apartment buildings that have been converted to condo units. This helps to explain the low per unit sales price. Our findings and interviews with city-wide developers suggest that $200/sf is required to build new condo units for sale and make the required profit for a private deal.

Market Pressure. Many brokers indicated that there was a latent demand for market rate condo units it the Anacostia area. The feeling was that if market rate units, those price $165,000 and above, were built, the market could absorb them.

Ownership Housing Demand Forecast

We have forecast the annual ownership unit demand as well as the ten-year total. Based on the sites under consideration, the unit types suggested are primarily condominium with some townhouse development where site plans permit. After analyzing the potential ownership universe, active market and capture rates, we estimate the Anacostia Metro Station area market can support 66 ownership housing units per year. Over the next ten year period, the market can likely support the construction and absorption of 660 units.

TABLE 1-7. OWNERSHIP DEMAND, ANACOSTIA METRO AREA

Trade Area	Owner Universe	Active Market	Capture Rate	Annual Demand
Primary Trade Area	689	94	20.0%	19
Secondary Trade Area	1,382	188	15.0%	28
In-flow	2,854	388	5.0%	19
Annual Demand				**66**
Ten Year Potential				**660**
Source: HSGA				

RENTER DEMAND ANALYSIS

Calculate the Renter Universe. The next step in the methodology is to calculate the overall "Renter Universe" that might be willing and able to relocate to Anacostia. The renter universe is the total number of households within a given income range who currently reside in Renter High-Potential Target Market Areas. These Areas are those communities from which there is judged a high potential to attract residents to Anacostia. The listing below highlights some of the key characteristics of typical households within the Renter Universe. We should note that, for the most part, we have profiled only households that could not afford a market rate home ownership unit.

➤ Income $35,000-$75,000
➤ Age 25-44
➤ Ethnicity Predominantly African-American
➤ Housing Status Non-Family Renters

Present and Future Competition. In analyzing present and future competition, we have identified a representative sample of 18 apartment complexes in the Primary Trade Area. Each of these complexes was analyzed for current condition, rental rates, unit size, and vacancy. In addition, detailed interviews were conducted with many of the property managers. The table below details the findings.

Table 1-8. APARTMENTS IN THE ANACOSTIA/EAST END MARKET

Apartment Averages	1-bdrm.	2-bdrm.	3-bdrm.
Rent	$670	$800	$966
Square Feet	637	818	1,025
Rent/Square Foot	$1.05	$0.98	$0.94
Income Thresholds	$27,610	$32,137	$40,600

Sources: Washington Post *and Interviews by Hammer, Siler, George Associates.*

The apartment complexes responding to our interview requests have a combined vacancy rate of only 2.7 percent. As would be expected based on the low vacancy, a majority of the property managers indicated that there is demand for additional market-rate units in the Anacostia area.

Although at the writing of this report there were several projects in the pipeline for development that include multi-family housing, they are of a different character of housing not directly comparable to our preferred profile. For instance, the development of Woodmont is providing both market-rate and tax-credit housing in a campus-like setting. The Henson Ridge project, now with Phase I under construction, consists of 120 townhouse units and 20 bungalow units that are targeted for senior housing.

Estimate the Active Market. The Active Market consists of those households within the overall renter universe that will likely be looking for new/different apartment housing in the next year. The "rollover" is calculated from an analysis of the Census variables relating to housing tenure and length of stay. For the Washington, D.C. market, the annual rental rollover is 13.6 percent. We have calculated the rollover for the city as whole because in addition to the primary market, the inflow market comes from the rest of the city.

Estimate the Capture Potential. The next step of the methodology is to calculate the amount of the active market that can be attracted, or "captured," by new residential developments in the Anacostia Metro Station area.   Factors that influence the capture rate include existing competition, projects in the pipeline, income thresholds, current vacancy, and supportable rents. Based on our analysis of the data presented above, coupled with our interviews of the apartment managers and our experience in the Washington metropolitan area, we estimated the capture rates for new residential offerings in the Anacostia area. Those capture rates are found in Table 1-4.

Residential Property Manager Interviews. As a part of our analysis of the existing market, we interviewed many of the apartment property managers. The results of the interviews show a promising future for Anacostia. Over half of the managers felt that there is unmet demand for market-rate apartments in Anacostia.   Furthermore, nearly 75 percent of the respondents

indicated that should additional apartment housing be added to the market, a site near the Metro Station would be the preferred location for such a development.

Forecast Future Demand. Based on the analysis above, we have forecast demand for market-rate apartment units of up to 54 units per year or 540 units over the ten-year period. However, there may well be households at the top of the income ranges selected that choose to become homeowners instead of renting again.

TABLE 1-9. APARTMENT DEMAND, ANACOSTIA METRO AREA

Trade Area	Renter Universe	Active Market	Capture Rate	Annual Demand
Primary Trade Area	759	103	25%	26
Secondary Trade Area	1,336	182	10%	18
Inflow	2,525	343	3%	10
Potential Annual Demand				**54**
Ten Year Potential				**540**

Source: Hammer, Siler, George Associates.

Description of the Target Market Tenant

The target market tenant profile below has been formulated based on a review of existing products in the market and upon the criteria for establishing the renter universe. We first discuss the target market households, then the attributes for the apartment properties themselves.

Tenant Profile. We see the target market driving this demand as having the following tenant profile:

> ➤ **Race:** Ethnically diverse although predominantly African-American
>
> ➤ **Occupation:** Single professionals or married couples without children
>
> ➤ **Household Income:** $35,000-$50,000
>
> ➤ **Current Tenure:** Renters
>
> ➤ **Age:** 25-44

Apartment Profile. The preferred apartment complex profile is also based on the same criteria as the renter universe. The apartment offerings should be the top-of-the-class of apartments offered in the Anacostia area. We would anticipate full amenities, including parking, will be provided. The listing below highlights other important attributes.

Apartment Sizes and Rent

Apartment	*Sizes*	*Rental Rates*
1-bedroom	700-800 Sq. Ft.	$910-$1,040
2-bedroom	750-900 Sq. Ft.	$975-$1,170
3-bedroom	950-1,350 Sq. Ft.	$1,235-$1,755

Apartment Unit Mix

Apartment	*Percent of Units*
1-bedroom	50%
2-bedroom	35%
3-bedroom	15%

Amenities
- Washer/Dryer Hookup
- Air Conditioning
- Parking
- Ample Closet Space
- Exercise Room

Note: Interviews with developers familiar with the Anacostia residential market suggest that rental rates of $1.30 per square foot would be required to support new construction rental units in the market. The rents in the table above reflect this assumption.

CONCLUSION

It is our conclusion from the analysis above and the interviews with key stakeholders and realtors that there exists a solid market for rental apartment development in the Anacostia Metro Station area if the units can be developed at the appropriate price points. An apartment location with immediate access to the Metro and the employment sectors along its lines can be a significant contribution to the revitalization of Anacostia.

There are a number of factors that will help see this potential realized in the near-term future. For instance, revitalizing the commercial/retail corridor along Martin Luther King, Jr. Avenue and Good Hope Road will have dramatic effect in creating a "sense of place" for residents and employees. Another important factor tied directly to the retail corridor is improving the overall look and feel of the area through streetscape improvements, lighting, sidewalk improvements and signage. Finally, efforts should be undertaken to minimize the impact of loitering and aimless pedestrian traffic.

In terms of for sale housing units, the condo market shows a great deal of promise when considering the tremendous pressure on the condo market in the rest of the city and the positive comments from the developers.

The final analysis suggests the fact that approximately 120 units of new residential housing can be supported, built and absorbed annually, in the Anacostia market. In our meetings with developers, they stated that ownership units have a greater appeal at this time to the development community and also to housing consumers. For this reason, we would expect that some additional demand for ownership units may be generated by our rental targets with household incomers above $60,000 given the number of first time buyer programs that have now become available. Over the ten year forecast period the Anacostia Transit Area should be able to absorb approximately 1200 new units of housing.

SECTION 2. RETAIL AND SERVICES MARKET ASSESSMENT

The purpose of this section is to assess whether there will be demand for an increased level of retail and related services over the next ten-year period in the Anacostia Area, and particularly for the eight sites identified in this report's Introduction.

To assess the market potential for retail development on these sites, this section of the report undertakes a market analysis for the Anacostia Area to determine whether there exists enough demand in the area to justify increased retail development.

METHODOLOGY

To determine whether market support exists for such retail development in Anacostia, this report follows a methodology that identifies retail demand projected to be generated by various factors within the next ten years, and compares that level of demand to the existing retail inventory in the area. This report accomplishes that goal by utilizing the following general methods:

a) Examines retail categories that are relevant for the potential project sites – meaning types of stores that can take advantage of a transit-oriented location and/or can be accommodated in a "main street" setting, such as that along Martin Luther King, Jr. Avenue. This report examines two major types of retail categories, each of which are described in detail following. The two categories are:

> **Convenience Goods and Personal Services:** Everyday items such as groceries, toiletries, cards and gifts, drug store items, hardware, florists' products, and personal services such as laundry services, tailors, barbershops, beauty salons.

> **Food and Drink:** Establishments that serve prepared food and/or drink products to patrons, either in a dining or carry-out format, but particularly sit-down establishments.

b) Defines a Retail Trade Area for the general area, and develops expenditure potentials from the above-mentioned customer types. Expenditure potentials are calculated for a ten-year period ending in 2013.

c) Identifies three types of customers that could potentially support retail services at the Anacostia site locations. These customer types include:

➤ **Metro Customers:** Customers who are embarking or disembarking the Metro system at the Anacostia Metro Station.

➤ **Residential Customers:** Customers who live within the Anacostia Retail Trade Area, as defined later in this report.

➤ **Workplace Customers:** Customers who work within the Anacostia Retail Trade Area.

d) Identifies existing retail competition, both from within the Retail Trade Area, and from major retail nodes in close proximity.

e) Determines whether market support is projected to exist by 2013 for increased retail and food service development in the area surrounding the Anacostia Metro Station.

RETAIL TRADE AREA: EXISTING ECONOMIC CONDITIONS

From a retail perspective examining Anacostia, only a small portion of the District falls within the "trade area" – or the area from which Anacostia retail establishments will likely draw the majority of its patrons. This area is examined in the following section.

To examine the current conditions and recent trends of the area and neighborhoods surrounding Anacostia, Hammer, Siler, George Associates defined the area by using U.S. Census Tracts. Retail establishments within Anacostia will likely draw the majority of patronage from neighborhoods adjacent and proximate to this section of Anacostia itself. This area of patronage is defined as the "Trade Area" in this report.

This report defines the Trade Area as being those Census Tracts that fall within a one-mile radius of Anacostia on the east side of the river – the overall Trade Area boundaries and Tracts are shown in Map 2.

MAP 2. Anacostia Retail Trade Area

While the Census Tract-based area definition is not coterminous with the neighborhood, ward, or other boundaries, there is a considerable methodological advantage to using a geographic definition based upon Census Tracts. Because of the ready availability of detailed demographic and economic information at the Census
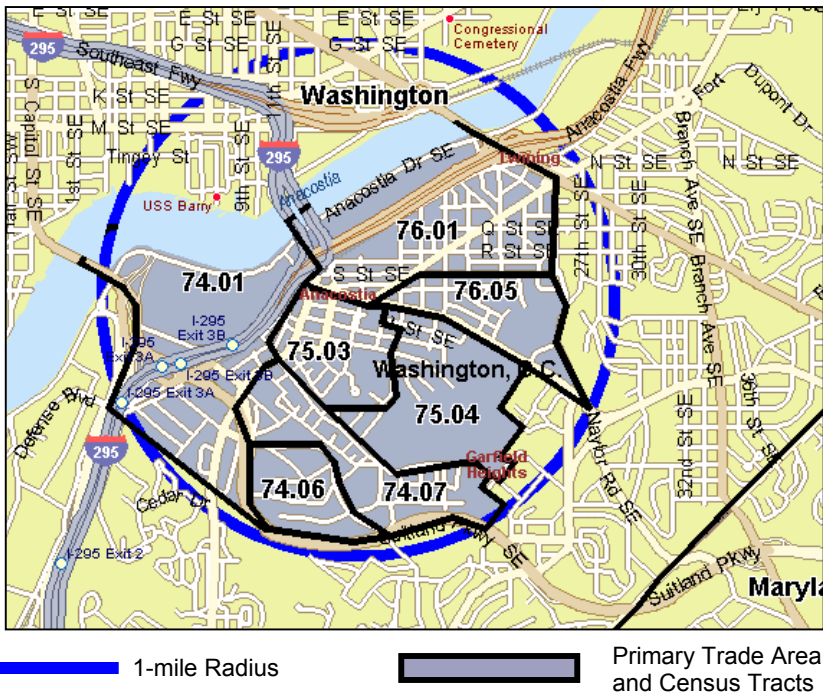
Tract level, this geographic definition is able to provide a more detailed and accurate demographic portrait than would otherwise be available.

As summarized earlier, these seven Census Tracts comprising the Trade Area contain 21,674 residents as of 2003, according to Claritas, Inc., a demographic research firm.

Demographic Composition

Employment and Economic Overview

The Anacostia area is mostly a residential location, with relatively modest amounts of employment. In total, approximately 4,200 private and public sector employees work within the Trade Area's seven Census Tracts, amounting to approximately half the number of working adults who live in the area (8,700). The breakdown of this employment shows that it is heavily dominated by the public sector, which has about 1,300 employees in the area (including the

District government buildings and public schools). Among the private sector, the most dominant employer category is services (more than two-thirds of total private employment), the retail trade sector (with about ten percent of total private employment), and construction industries (also about ten percent of employment). Table 2-2 below shows this breakdown.

TABLE 2-2. PRIVATE SECTOR EMPLOYMENT, TRADE AREA, 2002

Sector	Employees	% of Total	Firms	Employees Per Firm
Services	1,980	69.1%	230	8.6
Retail Trade	313	10.9%	60	5.2
Construction	282	9.8%	24	11.8
Other	292	10.2%	59	4.9
Total, Private Sector	**2,867**	**100.0%**	**373**	**7.7**
Total, Public Sector (Gov't)	1,381	--	--	--
Source: Claritas, Inc.				

As indicated, the average private sector firm located within the Trade Area employs 7.7 people, but this figure varies greatly by industry sector. Firms in construction tend to be much larger than the median firm (average employees per firm of 11.8), while retail and services establishments tend to be much smaller (5.2 and 8.6 employees per firm, respectively).

Anacostia and the Regional Perspective

Anacostia obviously does not exist or function in isolation. The area is linked to surrounding neighborhoods in many ways, including daily commuters, jobs, migration to and from other neighborhoods, and retail trade. Because of this interaction, the influence of the Trade Area's retail establishments can extend beyond the borders of the area itself.

This employment picture is positive in that it shows that the Trade Area sustains a modest but yet not insignificant amount of employment. However, the focus of retail development will still likely be on residential customers as opposed to workplace-based customers.

The Washington Metropolitan Area is experiencing growth in its population and economy that is unprecedented in its history, and among the highest such growth rates for a large metro area the nation. The greater Washington Metropolitan Statistical Area (MSA) has been one of the East Coast's fastest-growing regions in recent years, with its population swelling 25.5 percent (by roughly one million people) between the 1990 and 2000 Censuses. This population growth has been propelled by several of the region's suburban areas, some of which have seen growth rates exceeding 90 percent during the 1990s. For example, Loudoun County, Virginia grew in population by 96.9 percent between 1990 and 2000; Howard County, Maryland grew by 32 percent; and Prince William County, Virginia grew by 30.2 percent. Even close-in counties have surged in population, Montgomery and Prince George's Counties have grown by 15.4 percent and 9.9 percent respectively. The District of Columbia's population change, meanwhile, has been in negative numbers.

The District of Columbia was counted as having 572,059 residents in the 2000 Census, down 5.7 percent from 1990's total of 606,900. However, it should be noted that this was significantly less of a decline than what was predicted by the U.S. Census Bureau, which had projected the 2000 population to be roughly 519,000 residents. This difference is largely attributed to an encouraging influx of new District residents, particularly in the downtown area.

The Census Bureau estimates that the District's population figure has remained relatively constant in the years since the 2000 Census.[1] However, portions of the District that lie east of the Anacostia River have experienced a more precipitous decline in population than the remainder of the city. Between 1990 and 2000, the population east of the river declined by more than 18 percent – from 160,000 to 131,000 residents. As of 2000, the area east of the Anacostia River included slightly less than one-quarter of the District's population.

Recognizing the need to stem this decline, the District government has established a goal of increasing Washington's population by 100,000. With an expanding regional population base, and the correlative need for additional housing units, Anacostia is one location that has the capacity to absorb additional housing units and population given a quality, market-based development strategy.

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[1] The 2002 Census estimate for D.C. population is 570,898.

Factors Influencing Future Retailing

Without significant intervention, Anacostia and its surrounding area faces a considerable struggle in the coming years in relation to its economic base and its ability to attract consumer-demanded retail establishments. The main factors currently working against the prospects of developing quality retail products in the area are:

1) Deteriorating condition of many existing retail and commercial properties give the area an overall feeling of neglect.

2) A number of retail and commercial tracts are currently vacant and unused, and are likewise negatively affecting the overall character, and desirability, of the Anacostia area.

3) A relatively low income and spending potential for residents of the Trade Area diminishes the area's immediate appeal to retailers.

However, there are certainly positive factors as well, pointing to a more positive economic outlook:

1) The area has a diverse existing architectural character and has a particularly strong tradition of residential and neighborhood-based retail establishments.

2) A high level of connectivity to the Metro system points to Anacostia being a potentially attractive area for new real estate and retail investments.

3) Improvements in one portion of Anacostia (i.e., the immediate Metro station area) will encourage additional private sector improvements in other nearby or adjoining parcels, such as along Martin Luther King, Jr. Avenue and/or proximate to the Anacostia Riverfront.

4) Past and present initiatives to improve and expand the area's housing stock are leading to a rebuilding of the housing base on which retailing opportunities are based.

With these qualities, and taking into consideration the existing broad economic base of Washington, D.C., the Anacostia area offers ample opportunities for enhanced economic development given a dedicated redevelopment effort.

RETAIL AND SERVICES MARKET ANALYSIS

The expenditure potentials for each class of potential customers are analyzed in the sections following.

Commuter Expenditure Potential

The first of the three consumer types being examined in this report is that of commuters – specifically rail commuters who utilize the Anacostia Metro Station. The Washington Metropolitan Area Transit Authority (WMATA) estimates that approximately 36,000 riders utilize the Anacostia Station per week – amounting to roughly 1.9 million riders per year.

The most likely group of riders who would utilize transit-oriented retail development such as that suitable for the sites being examined in this report are those who walk to and from the Station.[2] This is estimated by WMATA to be about 15 percent of total ridership – 285,000 riders per year. This forms the base of the commuter expenditure potential. Other transit commuters, such as pass-through or transfer commuters, would be less likely to utilize transit-oriented convenience retail in Anacostia, and are therefore accounted by "inflow" expenditures into the Trade Area.

Calculating the Commuter Expenditure Potential

Arriving at estimated expenditure potentials for transit patrons requires making certain assumptions about the types of retail services available near the transit station:

- Hammer, Siler, George Associates has estimated that the types of retail available will be convenience goods and food/drink services – those types of retail that would likely be patronized by people using the Anacostia Metro Station.

- The commuter expenditures examined in this section do not double-count expenditures. The offering of transit-oriented retail will capture certain commuter spending that would otherwise be made outside of the Anacostia area, such as at the commuters' places of work. The expenditures here refer only to purchases that would otherwise be spent outside of the trade area and are considered exclusive of the Residential Expenditure analysis detailed earlier in this report.

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[2] For the purposes of this analysis, *walkers* include those who either walk or bicycle to the Metro Station.

The first step in this process is to estimate how much the average Anacostia-area consumer spends per day on convenience goods and food/drink services. Using income estimates from Claritas, Inc. and spending pattern estimates from the U.S. Bureau of Labor Statistics, the following table is generated, estimating average daily expenditures for area residents.

TABLE 2-3. AVERAGE DAILY EXPENDITURES, TRADE AREA RESIDENTS

Est. Annual Amount Spent on Conv. Goods	$58,400,000
Est. Annual Amount Spent on Food/Drink Svcs.	$19,500,000
Est. Number of Households	8,095
Average Amount Spent on Conv. Goods	$7,200
Average Amount Spent on Food/Drink Svcs.	$2,400
Average Daily Amount Spent on Conv. Goods	$19.73
Average Daily Amount Spent on Food/Drink Svcs.	$6.58

Sources: Claritas, Inc. and Hammer, Siler, George Associates.

This shows that on average, residents of the Anacostia Trade Area spend about $19.73 on convenience goods products, and about $6.58 on food and drink services. To estimate how much of this expenditure commuters would spend at station-area shops, this analysis assumes that each commuter represents and individual household, concerning expenditure potential. From there, the next step is to formulate a "capture rate" on a per trip basis – or how much of the average household's daily expenditures would be spent at such shops.

Two Expenditure Scenarios are used – a Low Scenario and a High Scenario. Both of these scenarios account for purchases that are being generated *because of* the retail development's accessibility to the Metro Station – that is, otherwise the money would be spent outside of the Trade Area.

The Low Scenario estimates that those individuals walking to and from the Metro Station would spend on average ten percent of their total expenditures on convenience goods within the Trade

Area and three percent of food and drink purchases. The High Scenario estimates that those individuals walking to and from the Metro Station would spend 15 percent of their total expenditures on convenience goods within the Trade Area and seven percent of food and drink purchases. The difference takes into account the location of the retail in relationship to the Metro Station. The High Scenario assumes a location within the same block as the Station itself – retail located farther away would generate a lower commuter capture rate. These scenarios are estimated below:

TABLE 2-4. SCENARIOS FOR ESTIMATED PER-TRIP COMMUTER EXPENDITURE POTENTIAL

	Low Scenario	High Scenario
Average Daily Amount Spent on Conv. Goods	$19.73	$19.73
Average Daily Amount Spent on Food/Drink Svcs.	$6.58	$6.58
Estimated Consumer Capture Rate, Conv. Goods	10%	15%
Estimated Consumer Capture Rate, Food/Drink Svcs.	3%	7%
Avg. Spent .on Conv. Goods per Trip	$1.97	$2.96
Avg. Spent on Food/Drink Svcs. per Trip	$0.20	$0.39

Sources: Claritas, Inc. and Hammer, Siler, George Associates.

To arrive at projections for 2013, Hammer, Siler, George Associates has estimated that ridership at the Anacostia Metro Station (specifically those arriving by foot or by bicycle) will increase by 20 percent over the current-year estimates. This figure is in agreement with the Growth Scenario for the projected number of households in Anacostia by 2013 (shown later in Table 2-7). This estimated 20 percent increase results in a projected 2013 ridership base of 342,000 riders. With these estimates of ridership and expenditure potential, one can arrive at a projected total expenditure potential for commuters for 2013. All dollar amounts are held in constant 2003 dollars

TABLE 2-5. PROJECTED EXPENDITURE POTENTIAL, COMMUTERS, 2013

	Low Scenario	High Scenario
Avg. Spent .on Conv. Goods per Trip	$1.97	$2.96
Avg. Spent on Food/Drink Svcs. per Trip	$0.20	$0.39
Projected Number of Commuters, 2013	342,000	342,000
Expenditure Potential, Conv. Goods	$700,000	$1,000,000
Expenditure Potential, Food/Drink	$100,000	$200,000

Note: Numbers Rounded.
Source: Hammer, Siler, George Associates.

Based on the above calculations, the 2013 annual consumer demand for Convenience Goods from Anacostia Metro Station commuters falls between approximately $700,000 and $1 million annually, while the yearly demand for food and drink services from such commuters is measured between approximately $100,000 and $200,000. This represents a considerable strength in the overall retailing value of an Anacostia location. It should be noted again that this represents only such demand that would not otherwise be captured without having retail being heavily oriented towards serving Metro customers.

Residential Trade Area Expenditure Potential

A first step in the analysis of residential retail trade opportunities is measuring a given area's expenditure potential. This is achieved by multiplying the number of households in the area by the average household income. The results of this calculation for the Residential Trade Area are shown below.

**TABLE 2-6.   TOTAL EXPENDITURE POTENTIAL,
RESIDENTIAL TRADE AREA, 2003**

Number of Households	8,095
Average Household Income[1]	$40,114
Total Expenditure Potential	$314,200,000

[1]*2000 Average Household Income of $36,085 adjusted for inflation as to U.S. Bureau of Labor Statistics estimates.
Sources: Claritas, Inc. and Hammer, Siler, George Associates.*

As indicated, the roughly 8,000 residents of Anacostia's Residential Trade Area generate an annual expenditure potential of roughly $314 million. However, this assignment must examine the potentials for retail development over a ten-year period ending in 2013. To properly estimate the retail potentials in the next decade, one must estimate what the population of the Trade Area will likely be at that time. Towards that end, this report uses two estimates for a population of the Anacostia Retail Trade Area in 2013. These are as follows:

1) **Stabilization Scenario.** This scenario assumes that population will remain at roughly 2003 numbers through the coming ten-year period. It is unlikely that the population of the area will *decline* in the coming ten years, although estimates place the District's year-to-year population as remaining relatively constant over the past several years. Therefore, the Stabilization Scenario is used in this report as a conservative population estimate for 2013.

2) **Rapid Growth Scenario.** This scenario assumes that population will increase due to an aggressive promotion of housing opportunities within Anacostia and its surrounding areas. The Rapid Growth Scenario presumes that intensive residential development can occur in the Anacostia area and will bring housing products to the market. For this presumption, the Scenario estimates a growth of 1,675 households within the Trade Area – this is proportionally in concordance with the Office of Planning's revitalization targets of 2,500 new housing units in the greater East of the River area, and 9,000 rehabilitated units.[3] The Scenario estimates that half of the total new housing units, and that half of the rehabilitated units that will lead to new households, will be located within the Trade Area.

These two population scenarios are shown in the following table:

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[3] Office of Planning, *East of the River Initiative*, October, 2000.

TABLE 2-7. GROWTH SCENARIO PROJECTIONS, RETAIL TRADE AREA, 2003-2013

	Stabilization Scenario	Rapid Growth Scenario
Number of Households, 2003	8,095	8,095
Est. Increase in Household, 2003-2013	0	1,675
Projected Number of Households, 2013	8,095	9,770

Sources: Claritas, Inc. and Hammer, Siler, George Associates.

With these two estimates of the Trade Area's growth potential, one can arrive at a projected expenditure potential for the Trade Area for 2013, using each of the growth estimates as a starting point. For purposes of this analysis, all dollar amounts are held in constant 2003 dollars. For the Rapid Growth Scenario, it is estimated that Average Household Income will rise by 10 percent due to an influx of higher-wage residents. This represents a one percent per annum increase in real wages over the ten-year period.

TABLE 2-8. PROJECTED EXPENDITURE POTENTIAL, RESIDENTIAL TRADE AREA, 2013

	Stabilization Scenario	Rapid Growth Scenario
Projected Number of Households, 2013	8,095	9,770
Average Household Income, 2013	$40,114	$44,100
Total Expenditure Potential, 2013	$314,200,000	$430,900,000

Sources: Claritas, Inc. and Hammer, Siler, George Associates.

Of course, only a portion of this total income generation is spent on the types of retail goods being measured in this section of the report.

For the purposes of this analysis, it is estimated by the U.S. Bureau of Labor Statistics and Hammer, Siler, George Associates that:

➤ **18 percent** of the area's total expenditure potential is spent on everyday convenience goods or personal services.

➤ **6 percent** of the area's total expenditure potential is spent on prepared food and/or drink products away from the home.

Table 2-9 below shows the *Retail Goods Expenditure Potential* for the trade area.

TABLE 2-9. RETAIL GOODS EXPENDITURE POTENTIAL, 2013

	Stabilization		*Rapid Growth*	
	Conv. Goods	**Food/Drink**	**Conv. Goods**	**Food/Drink**
Total Expenditure Potential % Spent on Retail Category Goods	$314,200,000 18%	$314,200,000 6%	$430,900,000 18%	$430,900,000 6%
Retail Category Expenditure Potential	$58,400,000	$19,500,000	$77,600,000	$25,900,000

Source: Hammer, Siler, George Associates.

As shown, based on the total expenditure potentials for the two growth scenarios, there is calculated to be a 2013 annual expenditure potential of between $58.4 and $77.6 million on Convenience Goods by residents of the trade area, and an additional $19.5 to $25.9 million spent on food and drink services.

Residential Retail Goods Capture Rate

The above figures represent all convenience goods and food services purchased by residents of the area, regardless of whether those goods or services are bought within the immediate area, or in a neighborhood some distance away.

As stated earlier, the Anacostia Retail Trade Area has been established as those Census Tracts within an approximate one-mile radius of the main street shopping district and the Anacostia Metro Station area. In this analysis, it is calculated that 40 percent of the residents' convenience

goods expenditure potential could be spent at retail establishments within the trade area. This number would not likely be higher due to factors such as traffic patters, parking limitations, and the high volume of retail activity located on the Trade Area's periphery. This retail activity includes both Good Hope Marketplace and Skyland Shopping Center – these shopping centers are examined in more detail in the *Competition Analysis* portion of this report.

For food and drink services, this Capture Rate figure is a lower 20 percent, due to the notion that restaurant patrons often travel to other neighborhoods for food and drink. These capture rate calculations are shown below.

TABLE 2-10. RETAIL GOODS TRADE AREA ANNUAL CONSUMER DEMAND, 2013

	Stabilization		*Rapid Growth*	
	Conv. Goods	Food/Drink	Conv. Goods	Food/Drink
Retail Category Expenditure Potential	$58,400,000	$19,500,000	$77,600,000	$25,900,000
Trade Area Capture Rate	40%	20%	40%	20%
Trade Area Consumer Demand	$23,400,000	$3,900,000	$31,000,000	$5,200,000
Less Commuter-Specific Demand	(700,000)	(100,000)	(1,000,000)	(200,000)
Net Trade Area Consumer Demand	$22,700,000	$3,800,000	$30,000,000	$5,000,000

Source: Hammer, Siler, George Associates.

Based on the above calculations, the 2013 annual consumer demand for Convenience Goods from residents within the Retail Trade Area falls between approximately $22.7 and $30 million annually, while the concomitant yearly demand for food and drink services from the trade area residents is measured between approximately $3.8 and $5 million.

Workplace Expenditure Potential

Besides residents, another significant source of expenditure potential comes from those who work in the Anacostia area, and purchase retail goods or services near their workplaces.

Workers tend to purchase convenience goods and tend to patronize food and drink establishments near their place of employment – Table 2-11 below estimates average annual workplace consumer expenditures for both retail and non-retail employees (retail employees' expenditures are less, due to their lower wages and frequent part-time status).

TABLE 2-11. AVERAGE ANNUAL EXPENDITURES, EMPLOYEES

| | *Avg. Annual Expenditures* | |
	Convenience Goods	Food/Drink
Non-Retail Workers	$733	$1,100
Retail Workers	$440	$660

Sources: International Council of Shopping Centers and HSGA

As shown, the average non-retail worker spends about $733 per year on convenience goods and $1,100 on food/drink services. Meanwhile, the average retail worker spends $440 per year on convenience goods and about $660 on food/drink services. Comparing these expenditure estimates to the number of corresponding employees in the trade area yields the Employee Expenditure Potential, as shown below.

TABLE 2-12. TOTAL EXPENDITURE POTENTIAL, TRADE AREA WORKERS, 2003

	Non-Retail Workers	Retail Workers	Total Workers
Number of Workers	3,935	313	**4,248**
Avg. Spent on Conv. Goods	$733	$440	**$706**
Avg Spent on Food/Drink	$1,100	$660	**$1,059**
Total Spent on Conv. Goods	$2,900,000	$100,000	**$3,000,000**
Total Spent on Food/Drink	$4,300,000	$200,000	**$4,500,000**

Sources: Claritas, Inc. and Hammer, Siler, George Associates.

As shown, based on the above total expenditure estimates, there is a current total expenditure potential from workers of $3 million per year on convenience goods, and an additional $4.5

million per year on food and drink services, with the average worker spending $706 per year on convenience goods and $1,059 per year on food and drink services in the area.

To arrive at similar projections for 2013, one can apply similar stabilized and rapid-growth scenarios as done above for residential projections. In this instance, the Rapid Scenario estimates an increase of 1,000 employees – achievable, for instance, through the construction of the Anacostia Gateway Center. These two growth scenarios are shown in the following table:

TABLE 2-13. GROWTH SCENARIO PROJECTIONS, WORKERS IN TRADE AREA, 2003-2013

	Stabilization Scenario	Rapid Growth Scenario
Number of Workers, 2003	4,248	4,248
Est. Increase in Workers, 2003-2013	0	1,000
Projected Number of Workers, 2013	4,248	5,248

Sources: Claritas, Inc. and Hammer, Siler, George Associates.

With these two estimates of the Trade Area's worker potential in 2013, one can arrive at a projected expenditure potential for workers for 2013, using each of the growth estimates as a starting point. All dollar amounts are held in constant 2003 dollars.

TABLE 2-14. PROJECTED EXPENDITURE POTENTIAL, WORKERS IN TRADE AREA, 2013

	Stabilization Scenario	Rapid Growth Scenario
Projected Number of Workers, 2013	4,248	5,248
Avg. Spent on Conv. Goods	$706	$706
Avg Spent on Food/Drink	$1,059	$1,059
Expenditure Potential, Conv. Goods, 2013	$3,000,000	$3,700,000
Expenditure Potential, Food/Drink, 2013	$4,500,000	$5,600,000

Sources: Claritas, Inc. and Hammer, Siler, George Associates.

The majority of this potential will, in fact be spent within the Trade Area itself, because workers tend to make such purchases in very close proximity to their workplace. Therefore, it is calculated that three-quarters of the convenience goods and food services expenditure potential is spent at establishments within the trade area. These capture rate calculations are shown in the following table.

TABLE 2-15. RETAIL GOODS TRADE AREA ANNUAL CONSUMER DEMAND, 2013

	Stabilization		*Rapid Growth*	
	Conv. Goods	**Food/Drink**	**Conv. Goods**	**Food/Drink**
Retail Category Expenditure Potential	$3,000,000	$4,500,000	$3,700,000	$5,600,000
Trade Area Capture Rate	75%	75%	75%	75%
Trade Area Consumer Demand	$2,300,000	$3,400,000	$2,800,000	$4,200,000

Source: Hammer, Siler, George Associates.

Based on the above calculations, the 2013 annual consumer demand for Convenience Goods from workers within the Retail Trade Area falls between approximately $2.3 and $2.8 million annually, while the concomitant yearly demand for food and drink services from the trade area workers is measured between approximately $3.4 and $4.2 million.

Summarizing the Retail Demand from Three Sources

As illustrated, retail demand from within the Anacostia Retail Trade Area will come from three primary sources:

➤ **Residents:** Customers who live within the Anacostia Retail Trade Area, as defined earlier in this report.

➤ **Workers:** Customers who work within the Anacostia Retail Trade Area.

➤ **Commuters:** Customers who are embarking or disembarking the Metro system at the Anacostia Metro Station.

The following table summarizes the estimated 2013 demand from these three sources and aggregates that demand into an inclusive amount.

TABLE 2-16. RETAIL GOODS TRADE AREA ANNUAL CONSUMER DEMAND, 2013

	Convenience Goods		*Food and Drink Services*	
	Low	**High**	**Low**	**High**
Residents	$22,700,000	$29,600,000	$3,800,000	$5,000,000
Workers	$2,300,000	$3,400,000	$2,800,000	$4,200,000
Commuters	$700,000	$1,000,000	$100,000	$200,000
Total	**$25,700,000**	**$34,400,000**	**$6,700,000**	**$9,400,000**

Source: Hammer, Siler, George Associates.

As shown, 2013 annual consumer demand from the three major categories of retail consumers is projected to range between approximately $25.7 and $34.4 million annually, while the estimated demand for food and drink services from the trade area workers is forecast between approximately $6.7 and $9.4 million.

Competition Analysis

There are many retail stores, and several larger retail nodes that currently exist within the Anacostia Retail Trade Area. For the purposes of this analysis, four types of Convenience Goods retail/service establishments are being examined in detail. These include:

➤ **Grocery Stores:** Stores selling non-prepared foods, groceries, bakeries, and markets specializing in meats, fish, fruits, vegetables, confectionaries, and other food products.

➤ **Drug Stores:** A place of business selling prescription and/or non-prescription drugs, as well as cosmetics, stationery, cigarettes, and other proprietaries.

➤ **Other Convenience Stores:** Stores selling other convenience goods such as hardware, florists' goods, cards and gifts, etc.

➤ **Barber/Beauty Shops:** Establishments engaged in hair cutting, hairdressing, manicuring, or other personal cosmetic treatments.

➤ **Laundry Services:** Establishments engaged in the cleaning of clothes or linens. Includes dry cleaners, coin-operated launderettes, and tailors.

In addition, this analysis examines the number of food and drink establishments (including both eat-in and carry-out facilities) within the study area.

These types of establishments are the major retail and service-related categories that would benefit most from a transit-oriented development framework and/or a "main street" setting. Other types of retailers tend to prefer locations in larger shopping center environments, which are largely unsuited for the sites being analyzed in this report.

Special attention is paid to retail and food/drink establishments within Anacostia's two existing commercial corridors (Martin Luther King, Jr. Avenue and Good Hope Road).

Existing Stores within Trade Area

An essential component to the process of determining future retail demand is in inventorying the existing retail services in the immediate area. This existing inventory is presented in the following table, which lists the types of retail/service establishments being examined in this report. As shown, according data from Hammer, Siler, George Associates and Claritas, Inc., a retail and demographics research firm, there are currently 37 such retail and service stores within the Anacostia Retail Trade Area.

TABLE 2-17. ESTIMATED NUMBER AND SALES OF RETAIL AND SERVICE STORES, ANACOSTIA RETAIL TRADE AREA

Type of Store	Total # of Stores	Estimated Annual Sales
Grocery Stores	12	$7,800,000
Drug Stores	1	$1,500,000
Laundry Services	6	$2,500,000
Barber/Beauty Shops	18	$2,300,000
Total of Above	*37*	*$14,100,000*
Food/Drink Services	21	$6,900,000

Source: Claritas, Inc. and Hammer, Siler, George Associates.

It should be noted that Claritas estimates all establishments, including "mom-and-pop" operations that are small in scope, modestly financed, and operate semi-informally. As such, Claritas business estimates often exceed "windshield surveys" as far as the numbers of establishments counted, but are valuable for their annual sales estimates, which are generally unavailable elsewhere. As shown, there are 12 grocery stores, 18 barber/beauty shops, six laundries, and one drug store within the Anacostia Retail Trade Area. These establishments combine for approximately $14.1 million in annual sales. In addition, there are 21 food and drink establishments, accounting for a further $6.9 million in sales. Taken together, these establishments account for over $27 million in annual sales.

Many of these existing stores are along the community's major commercial corridors of Martin Luther King, Jr. Avenue and Good Hope Road. These include facilities on Martin Luther King, Jr. Avenue such as Neighborhood CARE Pharmacy, Jasmine's Hair Gallery, Family Barber Shop, Tower Cleaners, Maggie's Place Restaurant, and King's Cafe, among others. It also includes establishments on Good Hope Road such as the Warehouse Supermarket, Anacostia Market, Good Hope Seafood, and others.

Existing Stores Proximate to Trade Area

Two large retail developments on the fringe of the "Retail Trade Area" being examined in this report merit mention because they would effectively be competition for many new retail developments east of the Anacostia River. These two developments are the following:

➤ **Good Hope Marketplace** – A 96,000-square foot shopping center built in 1997 at Good Hope Road and Alabama Avenue, about 1½ miles from the Anacostia Metro Station. The shopping center is anchored by a Safeway supermarket and includes other major retailers (listed on the following page). The Center is 100 percent occupied, and maintained in very good condition.

➤ **Skyland Shopping Center** – Across Alabama Avenue from Good Hope Marketplace, the 170,000-square foot Skyland Shopping Center is a collection of buildings (under separate ownership) with frontage on Alabama Avenue, Naylor Road and Good Hope Road, as well as in a separate shopping area. Tenants are mostly locally-run, as opposed to Good Hope Marketplace's national chains. Tenancy is high, although several buildings are in non-retail uses (i.e., U.S. Post Office and D.C. One-Stop Career System). The Center's buildings have not been

recently renovated and the overall feel is of an older, unkempt shopping district. There are currently plans to redevelop the shopping center.

These two shopping centers provide regional and neighborhood retailing draws from residents of Southeast Washington. Their main competitive advantage is that they offer an abundance of space and parking that is not generally available in urban settings – making the centers attractive to retailers such as supermarkets, apparel stores, and fast food franchises. A listing of tenants is provided below:

TABLE 2-18. RETAIL TENANTS, GOOD HOPE MARKETPLACE AND SKYLAND SHOPPING CENTER

Good Hope Marketplace	Skyland Shopping Center	
Safeway	Murry's Market	CVS Pharmacy
Rent-A-Center	Skyland Liquors	Popeye's
Radio Shack	Foot Locker	Blimpie
Dollar Discount	Sports Zone	Noble Roman's Pizza
Hollywood Video	Shoe City	Hong Kong Inn
Ashley Stewart	AutoZone	Kelly's Carryout
Payless ShoeSource	Discount Mart	Laundromat
Pizza Hut	Field's Record Shop	Spin Cycle Laundry
Subway	Alexis Hair Gallery	Liquor Store
Chevy Chase Bank	Fletcher's Beauty Salon	Check Cashing
SunTrust Bank	Beyda Beauty Supply	
M&T Bank	Beauty World	

Source: Hammer, Siler, George Associates.

While these shopping centers offer an array of retail services, they would not necessarily be in direct competition with retailing space built on the Anacostia sites. Retail developed on the sites being examined in this report would have more of a focus on smaller stores in a transit-oriented environment. Larger stores would continue to be attracted to these and other shopping centers that more suit their physical needs.

Inflow Estimate

As stated earlier, it is estimated that there is currently $14.1 million in annual sales of convenience goods within the Trade Area, and a further $6.9 million in prepared food and drink

sales. The majority of these sales come from the core patronage groups of residents, workers, and commuters. However, a portion comes from other customer sources; it is estimated that approximately ten percent of these total purchases will come from "inflow sales" – that is, sales to people who live or work outside of the trade area itself. The table below illustrates this, and shows the amount that is attributable to trade area sales.

TABLE 2-19. INFLOW SALES FOR TRADE AREA, 2003

	Convenience Goods	Food/Drink
Total Estimated Sales	$14,100,000	$6,900,000
Percentage of Inflow Sales	10%	10%
Amount of Inflow Sales	$1,400,000	$700,000
Trade Area Sales (*Total* minus *Inflow*)	$12,700,000	$6,200,000

Sources: Claritas, Inc. and Hammer, Siler, George Associates.

Table 2-19 shows that the Trade Area sales (those sales attributable to those who are residents, workers, or commuters of the Trade Area) equal approximately $12.7 million annually for convenience goods, and $6.2 million for food and drink.

Projected Unmet Demand and Market Support

A positive gap between the demand projected to be generated by the Trade Area consumers and the sales generated by the Trade Area's existing establishments would indicate an unmet demand – meaning that more retail services could be supported by the Trade Area through 2013. This is shown in Table 2-20 below.

TABLE 2-20. ANALYSIS OF DEMAND, TRADE AREA SOURCES, 2013

	Convenience Goods		*Food and Drink Services*	
	Low	High	Low	High
Projected Demand, 2013	$25,700,000	$34,400,000	$6,700,000	$9,400,000
Estimated Sales, 2003	$12,700,000	$12,700,000	$6,200,000	$6,200,000
Total	$13,000,000	$21,700,000	$500,000	$3,200,000

Source: Hammer, Siler, George Associates.

This shows a level of unmet demand coming from trade area sources (residents, workers, and commuters) alone. Table 2-21 shows the analysis of demand from *all* sources, including inflow sources.

TABLE 2-21. ANALYSIS OF DEMAND, ALL SOURCES, 2013

	Convenience Goods		Food and Drink Services	
	Low	High	Low	High
From Trade Area Sources	$13,000,000	$21,700,000	$500,000	$3,200,000
Percentage of Inflow Sales	10%	10%	10%	10%
Total	$14,300,000	$23,900,000	$600,000	$3,500,000

Note: Numbers rounded.

Source: Hammer, Siler, George Associates.

As shown, there is projected to be a total unmet Trade Area demand of between approximately $14.3 million and $23.9 million annually for consumers goods. Put another way, consumers' demands are projected to exceed the area's sales by about $14 million to $24 million. Furthermore, there is projected to be an additional $600,000 to $3.5 million annual demand for food and drink services.

This represents enough of an amount of unmet demand to justify future development of retail establishments offering convenience goods or food/drink services within the Anacostia Trade Area. To gauge the extent of new retail space that could be supported by this unmet demand, it

is necessary to look at how much sales per square foot typical consumer goods retail and food service establishments achieve.

According to the Urban Land Institute, an economic research organization, convenience goods retailers in community-type shopping districts generate on average $240 in sales per square foot of space. Similarly, food and drink establishments in community-type shopping districts generate about $270 per square foot in sales. Table 2-22 shows how this translates into a projected amount of supportable retail square feet for the Anacostia Trade Area for 2013.

TABLE 2-22. PROJECTED ADDITIONAL SUPPORTABLE RETAIL SPACE, ANACOSTIA TRADE AREA, 2013

	Convenience Goods		Food and Drink Services	
	Low	High	Low	High
Projected Unmet Demand, 2013	$14,300,000	$23,900,000	$600,000	$3,500,000
Average Sales per Square Foot	$240	$240	$270	$270
Est. Supportable Retail Space	60,000 Sq. Ft.	100,000 Sq. Ft.	2,000 Sq. Ft.	13,000 Sq. Ft.

Sources: Urban Land Institute and Hammer, Siler, George Associates.

As shown above, there appears to be demand for new convenience goods retail space (with an unmet retail demand of between $14 and $24 million). This assessment suggests that this level of demand for convenience goods retail goods translates into a projected support for an additional 60,000 to 100,000 square feet retail space by 2013.

Demand for space in food and drink establishments is more modest, with an unmet retail demand of between $600,000 and $3.5 million). This translates into a projected demand by 2013 for between 2,000 and 13,000 square feet of food and drink services space.

While there is latent demand for retail that can be supported, it also points to the need for additional housing units, since the current levels of population and households would not be sufficient to fully support the revitalization of both the Anacostia Metro Station area and the commercial corridor along Martin Luther King, Jr. Avenue.

SUGGESTED RETAILING NICHES AND PRICE RANGES

Retailers of goods and services of the types detailed above will likely find Anacostia a conducive and exciting place in which to do business. The target market for retailers falls into two categories – those retailers engaged in offering general consumer goods, and those engaged in offering niche goods that would be of particular interest to Anacostia consumers.

Retail rejuvenation is at the core of any redevelopment effort in Anacostia. There is plenty of available land on which to build and operate retail stores, on parcels throughout the neighborhood that are currently either vacant or are already in some form of existing retail use. Parcels along the existing commercial main street corridors are generally small. New retail establishments on such sized plots would most likely be those that serve the immediate area, rather than a more regional target market. Both the small parcel size and limited off-street commercial parking mean that the area's physical characteristics are well suited to local-serving enterprises with individual entrepreneurs.

General Consumer Goods: While the inventory of existing retail activity in Anacostia shows a mix of retailers offering various goods and services, the existing *quality* of retail offerings is generally considered to be poor. Many stores are currently leased to retail establishments that have generally become eyesores to the community, and a wide-ranging revitalization plan would aim to put in their place retail stores that are more consistent with the needs of a stable and safe community.

With such needs met, residents of the Anacostia Retail Trade Area would no longer need to leave the immediate area for everyday goods and services. These retailing needs include the following types of establishments:

- **Food Stores:** Stores selling general groceries such as supermarkets, and more specific food stores such as those selling, for example, baked goods, meat products, confectionaries, etc. There is currently only one full-scale food store in the area (Warehouse Supermarket) and much of the area residents' current food expenditures go out of the area.

- **Misc. Retailing Goods:** Specialty retailers are largely non-existent as of current. These include retailers such as card and gift stores, florists, tailors, hardware stores, etc.

- **Restaurants:** Sit-down restaurants are lacking in the Anacostia area. While there are several fast-food franchises on Good Hope Road east of Fort Stanton Park, there are no fast food restaurants in Anacostia itself, nor are there non-fast-food restaurants. Greater restaurant development would greatly enhance Anacostia's retail environment.

Niche Consumer Goods: In addition to the general consumer goods mentioned above, there is a potential for retailers providing niche goods and/or services that would be suitable for the Anacostia market and fill a distinct segment of the retailing marketplace.

Specifically, these niche goods could take advantage of Anacostia's status as a long-standing hub of African-American commerce within the District. Goods and services focused on African-American themes or interests would fit harmoniously with general retail goods in a revitalized Anacostia area. Specific niches include the following:

- **African-American Restaurants and Food Stores:** Sit-down restaurants featuring African-American fare or cuisine from black immigrant areas such as the Caribbean or West Africa. Also, food stores offering non-prepared foods of the same types would also constitute an appropriate niche market, particularly since food stores of a more specialized format typically demand less sales floor space and can be successful in a variety of sites available in the Anacostia area.

- **Niche-Market Gift Shops:** Retailers that offer gifts and other items with an African-American theme comprise a notable potential niche market for Anacostia. The main street format of Martin Luther King, Jr. Drive in particular can present an appropriate atmosphere for such retailers, who could take advantage of nearby African-American attractions such as the Anacostia Museum and the Frederick Douglass National Historical Site.

Suggested Rental Price Range

In order to be competitive in the regional marketplace and to provide incentive for retailers and/or franchisers to locate in Anacostia, it is suggested to retail rental rates offer a significant discount from the regional average.

According to current industry estimates, the average market rent for in-line retail space in Washington is approximately $20 per square foot.[4] It is suggested that rental rates in Anacostia developments average from two-thirds to three-quarters of the regional average, placing the rental range from $13 to $15 per square foot.

ANACOSTIA SHOPPERS GOODS EXPENDITURE POTENTIAL

Total shoppers goods expenditure potential for 2002 and 2013 is set out in the table below. Comparing current estimates for total retail expenditures in the trade area to total household income derives shopper's goods expenditure potential. The proportion of household income that can be attributed to expenditures on the shoppers goods categories reflect both existing expenditure patterns and anticipated changes in the demographics. In undertaking this analysis, we have taken into account the availability of high quality retail sites, parking capacity, traffic capacity during high sales volume periods, and the quality of existing competition.

We have estimated that the shopper's goods categories of apparel, furniture, home furnishings and equipment, and general merchandise will capture approximately eighteen percent of household income in the Transit Station Area Trade Area in 2002 and 2013. As Table A below shows this will result in shopper's goods expenditure potentials of $57,812,800 in 2002 and $79,285,600 in 2013.

TABLE 2-23. RESIDENTIAL EXPENDITURES BY SHOPPERS GOODS RETAIL CATEGORIES

Trade Area/Retail Category	2002	2013
Apparel	$14,139,000	$19,390,500
Furniture, Home Furnishings, Equipment	$13,824,800	$18,959,600
General Merchandise	$29,849,000	$40,935,500
Total	**$57,812,800**	**$79,285,600**

Sources: Claritas Inc., U.S. Census Bureau, and Hammer, Siler, George Associates.

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[4] Grubb & Ellis, *Retail Market Trends*, 2003.

The table also shows that the shopper's goods sales potentials for the retail trade area will increase over the next decade because of income and household growth. Market growth will be greatest in the general merchandise category. As household income increases, there will be a greater chance of attracting higher quality shopper's goods stores to the mainstreet areas of Anacostia and in the immediate areas of the Metro Station.

ANACOSTIA TRANSIT AREA RETAIL SUPPORTABLE SPACE ESTIMATES: 2002 –2013

The share of total sales potential that the retail corridors are capable of capturing is dependent on many factors including: the type, tenant mix and quality level of the stores, the availability of parking, and the appeal and effectiveness of competing facilities in the market. The following represents our analysis of such factors and an assessment of the sales potential of the corridor.

Competitive Framework

An examination of the competitive retail environment shows some competition within or nearby the Anacostia Transit area and beyond elsewhere in the City. The key shopping destinations include the Good Hope Market Place that contains approximately 17,500 square feet of shopper's goods space. Other locations for shoppers goods would include the East River Shopping Center, Skyland Shopping Center, and retail stores along Minnesota and Benning. Previous surveys of the inventory of shopper's goods stores indicate that the area contains approximately 57 shoppers' goods stores within the broader Anacostia Trade area. These stores are located largely in the Discount and Variety Stores, Furniture and Furnishings, and Apparel categories.

While these stores do exist, many are marginal operations. It is our view that the market remains largely underserved by quality stores.

Resident Sales Capture

Capture rates shown for the Anacostia Metro Station Area for the various goods categories reflects existing and nearby competition both within and adjacent to the trade area as described above. For purposes of this analysis we have used a ten percent capture in 2002 and a fifteen percent capture in 2013.

Supportable Space and Composition

Supportable space is a function of total sales potential divided by average sales productivity rates per square foot for each major retail category. The chart below provides a breakdown of the amount of square feet that we have concluded can be supported for the three shoppers goods categories and existing and future sales productivity and investment scenarios.

It should be noted that we have used two different sales productivity rates to determine the supportable square footage. Under the low productivity rate for which we used sales per square foot estimates of $125 for apparel and general merchandise and $175 per square foot for furniture, home furnishings and equipment, we found supportable space of approximately 38,273 square feet of space. Much of this demand however could only be met by filling existing vacant space since the sales productivity levels would not support the rent ranges required for newly constructed retail space.

TABLE 2-24. SUMMARY OF SUPPORTABLE RETAIL SPACE, 2002–2013

	2002		2013
Trade Area/Retail Category	**Low Productivity**	**High Productivity**	**High Productivity**
Apparel	11,300	5,600	7,769
Furniture, Home Furnishings and Equipment	7,900	5,500	7,596
General Merchandise	19,073	11,900	16,401
Total	**38,273**	**23,000**	**31,766**

Sources: Hammer, Siler, George Associates

Under the high productivity scenario where sales productivity levels are estimated to average $250 per square foot in all three categories, we found support for approximately 23,000 square feet of net new space, all of which could support newly constructed space.

Under the High Productivity Scenario, the trade area could only support approximately 31,800 square feet of shopper's goods space in 2013. All of this net new space could support new construction.

SECTION 3. OFFICE MARKET ASSESSMENT

This section of the report presents the office market potential for sites around the Anacostia Metro Station. The section begins with a Statement of Purpose and brief description of the methodology used in the analysis. Immediately following, each step of the methodology is carried out and our conclusions of the office market potential presented. Finally, recommendations about the future office market are given.

Statement of Purpose. The purpose of this analysis is to determine the market support for both public and private sector office space located on one or more of eight sites identified in the Anacostia area.

METHODOLOGY

The methodology for analyzing the office market potential consists of the five steps described below.

1. **Existing Market Analysis.** The existing office market in the Anacostia area was analyzed to determine its viability. Key factors in the analysis include occupancy, rental rates and the tenant base.

2. **Projects in the Pipeline.** Information was gathered to identify potential office projects and their probability of implementation was assessed. Along with Step 1, results of this component are integral to determining the market potential.

3. **Review Office Market Environment.** This step consists to two specific tasks. The first task is to assess the existing Washington metropolitan office market and leasing trends. The second task is to analyze U.S. General Services Administration (GSA) leasing trends to determine the potential for a federal facility location in Anacostia over the next ten years.

4. **Market Findings.** Based on the analysis in the first three steps, along with our experience in the greater Washington, D.C. market area, conclusions are made as to the probability of new office development, both private and public.

5. **Interview Commercial Brokers.** With our preliminary market findings in place, we then interviewed key commercial brokers who specialize in the Washington Southeast market. As the results show, the brokers confirmed our initial findings and offered recommendations as to the future potential of the Anacostia office market.

<div align="center">EXISTING ANACOSTIA OFFICE MARKET</div>

The office market in Anacostia is primarily located along Martin Luther King, Jr. Avenue and related side streets. Currently we estimate that there is approximately 480,000 square feet of office space in the market. Nearly 94 percent of this space is controlled by two entities. The District Department of Human Services occupies a 100,000-square foot facility at 2100 Martin Luther King, Jr. Avenue. Across the street, the Anacostia Professional Building contains 85,000 square feet and is fully leased. The D.C. Lottery Board (DCLB) occupies 80,000 square feet in the adjacent building, both of which are owned and managed by Curtis Property Management. In all, Curtis owns and manages over 350,000 square feet of office space in the Anacostia market.

Based on a field survey and interviews with the relevant brokers, the office space in the major facilities is Class A-B space, fully leased, and in good condition. There are number of smaller office parcels along the corridor which would be considered Class C, most of which are in fair condition.

PROJECTS IN THE PIPELINE

At this time, there are three significant projects in the pipeline, one of which is just south of the main study area. These three projects are as follows:

➤ Anacostia Gateway – 260,000 SF of office and ground-floor retail

➤ AEDC Building – 65,000 SF of office with ground floor retail

➤ D.C. United Communication Center – 127,000 SF Homeland Defense facility

REVIEW OF OFFICE MARKET ENVIRONMENT

Washington Metro Office Market. Despite a struggling national economy, the Washington metropolitan area office market is doing quite well. The Greater Washington Commercial Association of Realtors' (GWCAR) *2002 Year-End Market Report* summarizes the overall strength of the market.

Similar summaries from the commercial real estate firms of Cushman & Wakefield and Cambridge Associates confirm these results. A summary of GWCAR's market report follows:

TABLE 3-1. GWCAR 2002 YEAR-END MARKET REPORT

A Statistical Snapshot of the Greater Washington Area Commercial Real Estate Market in 2002

Total Office Inventory:	**101,303,841 SF**
New Deliveries and Completed Renovations:	2,507,034 SF
Net Absorption:	362,071 SF
Vacancy Rate (Excluding Sublet)	5.7%
Vacancy Rate (With Sublet)	7.6%
Class "A" Average "Asking Rate" PSF Full Service	$41.85 PSF
Class "B" Average "Asking Rate" PSF Full Service	$28.75 PSF
Total Office Space Under Construction/Renovation:	**6,436,285 SF**
Total Available Office Space Under Construction/Renovation:	3,089,417 SF
Percentage Under Construction/Renovation Pre-Leased:	52%

New Deliveries and Completed Renovations Listing Buildings by Address

101 Constitution Avenue, NW	511,338 SF
2025 E Street, NW (American Red Cross)	462,000 SF
500 5th Street, NW	352,000 SF
601 New Jersey Avenue, NW	256,931 SF
830 1st Street, NE	225,000 SF
1899 Pennsylvania Avenue, NW	187,986 SF
1875 K Street, NW	170,132 SF
1750 H Street, NW	111,510 SF
800 F Street, NW	110,424 SF
1330 G Street, NW (Kaiser Family Foundation)	62,000 SF
607 14th Street, NW (Expansion-Renovation)	57,713 SF
Total Square Footage New Deliveries & Completed Renovations:	**2,507,034 SF**

Top Ten Largest Non-Renewal Lease Transactions:

Tenant	Address	Square Feet
GSA-Department of Transportation	Southeast Federal Center	1,350,000
GSA-Securities & Exchange Commission	600 2nd Street, NE	400,000
Finnegan Henderson Farabow Garrett & Dunner (Law Firm)	901 New York Avenue, NW	251,337
CareFirst BlueCross/BlueShield	840 1st Street, NE	244,300
GSA-Department of Interior- National Park Service	1201 Eye Street, NW	219,750
Winston & Strawn (Law Firm)	1700 K Street, NW	153,900
D.C. Government	77 P Street, NE	149,656
GSA-Environment Protection Agency	1310 L Street, NW	135,975
Corporate Executive Board	2020 K Street, NW	122,603
O'Melveny & Meyers (Law Firm)	1625 Eye Street, NW	118,484

Source: Greater Washington Commercial Association of Realtors.

An analysis of the market summary above elicits two very important points. The first is the overall strength of the Washington metropolitan office market. Unlike markets in many of the other major metro areas, this market is continuing to lease well, have low vacancy rates and see impressive construction.

The second important finding is with respect to the location of the activity. A quick scan of the Deliveries and Completed Renovations and Top Ten Largest Lease Transactions reveals that an overwhelming majority of the activity is taking place in the Northwest quadrant of the District. The Northeast has received the second largest amount of activity with only four projects. Although the Southeast Federal Center is by far the largest single project of 2002 (at 1.35 million square feet), it is the only large-scale project in the Southeast quadrant.

Washington Metropolitan Office Projects Under Construction. At the end of 2002 there was over 6.4 million square feet of office space under construction or renovation in Washington D.C. As the table below shows, nearly all of the activity is taking place in the Northwest quadrant of the District.

TABLE 3-2. PROJECTS UNDER CONSTRUCTION AND RENOVATION

Project	Square Feet
100 F Street, NE	650,000 SF
1900 Pennsylvania Avenue, NW	648,000 SF
901 New York Avenue, NW	537,454 SF
575 7th Street, NW	472,809 SF
701 13th Street, NW	452,000 SF
500-550 12th Street, NW (*under renovation*)	438,000 SF
1700 K Street, NW	410,400 SF
1625 Eye Street, NW	375,683 SF
900 7th Street, NW	350,155 SF
Pennsylvania Avenue @ 6th Street, NW (Freedom Forum)	349,000 SF
1025 F Street, NW (*under renovation*)	322,000 SF
140 M Street, SE	297,000 SF
1100 13th Street, NW	269,626 SF
840 1st Street, NE (Union Center Plaza Phase V)	244,300 SF
701 7th Street, NW	229,541 SF
1717 Rhode Island Avenue, NW	159,200 SF
1220 12th Street, SE	145,117 SF
1640 Rhode Island Avenue, NW (*under renovation*)	86,000 SF
Total Square Footage Under Construction & Renovation	**6,436,285 SF**

Source: Greater Washington Commercial Association of Realtors

GSA Leasing Trends. General Services Administration (GSA) leasing activity in 2002 was quite strong, with nearly 2.2 million square feet in three deals alone: Department of Defense at Southeast Federal, Transportation Security Administration (TSA) in Pentagon City and the Securities and Exchange Commission (SEC) in Station Place. There are many others as well. A review of these deals, coupled with an interview with the Washington Region GSA leasing coordinator has provided an important breakdown of GSA leasing trends.

➤ The first trend is that when developing new buildings, GSA prefers to build/locate on land the administration owns and controls. Especially after 9/11, security is of critical importance to the location of all federal facilities.

➤ The second important trend is that when considering leasing private space, all contracts are awarded on a competitive basis. That is, property owners/managers of existing buildings compete for the space based on GSA Requests for Proposals.

➤ The third trend, and perhaps most critical to this Anacostia study, is that except in rare situations, GSA generally does not enter into build-to-suit contracts with private developers.

What this means to Anacostia is that in order to effectively compete for a major private GSA leasing deal, there would need to be available space in which the subject federal agency could locate. Based on our knowledge of the market, and interview results with commercial brokers, it is highly improbable that a private developer would be willing and able to build a spec building on the chance that a GSA leasing deal might be forthcoming.

MARKET FINDINGS

The market findings for office potential in the Anacostia area have been summarized below in terms of the private market and the public market.

Private Market. At the time of this report, there were no private office projects under construction nor were there any in the pipeline in the Anacostia area. Although there are a

number of available sites, the owners of those sites have no immediate plans to add office space to the market. Although the existing space is overall in good condition and near full occupancy, there exists little to no unmet demand on the private side. Furthermore, building of speculative space is extremely risky, especially in today's economy.

Public Market. The possible public market consists of both District and Federal agencies. The District currently has three major office deals working in the market. These include the Department of Human Services, Department of Transportation, and the United Communications Center. When construction is complete, these projects will together represent nearly 450,000 square feet of City-occupied space. This is also in addition to the 80,000-square foot Lottery Board lease. From our discussion with City personnel, it is highly unlikely that additional City facilities will be located in the Anacostia area in the short- or mid-range future.

On the federal side, the future outlook is similar. Although there is no reason pre-qualifying the Anacostia area out of future GSA leasing deals, the current office development environment is not favorable. Chances are, according to the GSA, that if a significant federal facility was to locate in the Anacostia area in the next ten years it would likely be sited on the Anacostia Naval Station or possibly on Bolling Air Force Base. That is not to say that it is out of the question or that special circumstances might accelerate a possible location. However, at this time we feel that planning for such a location would be unadvisable.

Commercial Broker Interviews

Interviews were conducted with individuals from Cambridge Associates, Cushman & Wakefield, Cassidy & Pinkard and Curtis Property Management. In each case, the broker interviewed confirmed the lack of private market support for office space east of the Anacostia River. Although Southeast is booming at the Southeast Federal Center, it was felt by the brokers unlikely that the development momentum would cross the river in the next five to ten years.

Key to that determination is the large amount of land with development potential adjacent to the Southeast Federal Center. One broker alone represents two properties that when fully developed will add over one million square feet of office space, in addition to residential properties, to the

market. Another key finding is that on the west side of the river, near the major office activity, developers are more willing to build office space on spec, that is, without a confirmed tenant. Also, because of the nexus of activity, the private market support for space in that area is quite strong.

When focusing their attention on the Anacostia situation, the general consensus among the brokers interviewed is that the private office market will follow only after there is a critical mass of public sector development. A major GSA lease would be an important catalyst in this regard. Another factor in attracting the private market is providing the support services and retail that often coexists with office development. Revitalizing the retail/commercial corridors was thought to be an important first step in the process.

CONCLUSION

At this time, there is little to no market for additional private space beyond that planned for the Government Center, in the Anacostia market. While over-the-store offices, particularly those serving neighborhood functions, may still be attracted to the commercial core, no large-scale private office development can be projected in the near term.

The public side of the office market will also see little growth over the next five to seven years. Because of their three recent project investments, it is highly unlikely that the District government will choose to locate additional facilities in the Anacostia area in the mid-term. Likewise, with available sites on the west side of the river, coupled with their reluctance to enter into build-to-suit contracts and need for existing space, GSA leasing is also only a long-term potential in the Anacostia market.

SECTION 4. INDUSTRIAL MARKET ASSESSMENT

There area several sites near the Anacostia Metro Station that are currently zoned for industrial or warehouse and distribution uses. The purpose of this market assessment is to determine whether there will be market demand for those sites as currently zoned over the next ten-year period.

METHODOLOGY

The following steps are taken in order to achieve this objective:

1. Develop use assumptions for the analysis
2. Review past industrial growth trends
3. Identify high potential industrial growth areas
4. Identify employment generated from industrial growth
5. Identify acreage required to support new growth
6. Asses replacement potential
7. Develop conclusion

INDUSTRIAL ACREAGE DEMAND PROJECTIONS

The assumptions used in this analysis address factors that are taken into consideration in formulating a conclusion. These three factors include the formulation of a timeframe for the analysis, the identification of sectors used to define industrial employment, and the identification of the sources generating acreage demand. These are detailed below:

➤ **Timeframe:** The time focus of the analysis is for the period of 2003 to 2013.

➤ **Sectors that Constitute Industrial Employment:** For purposes of this analysis, the term *industrial* applies to Manufacturing, Warehousing and distribution, TCU (Transportation, Communications, and Utilities), and Wholesale trade.

➤ **Sources of Industrial Acreage Demand:** Demand for new industrial space in the District of Columbia would likely come from two sources: new industries that are

building new facilities, and established industries that are replacing older, obsolete space.

Past Industrial Growth Trends

There was a steady decline in employment for manufacturing, transportation and warehousing, wholesale trade, and utilities over the ten-year period 1992 to 2002.

During this period, the transportation and warehousing sectors experienced a loss of over 1,000 jobs. In addition, utilities had a loss of over 1,000 jobs, and the wholesale trade industry similarly had a loss of approximately 1,300 jobs. This decline in industrial activity in these various industrial sectors has generated only a minimal about of demand in the District by industrial tenant users except for some that might be considered to be nuisance establishments at their current locations.

Many of these job losses reflect national trends showing a decline in manufacturing activity, and hence a loss of jobs in this sector of the economy. However, losses also reflect the "pull factor" of suburban jurisdictions where the overall cost of doing business is cheaper.

High Potential Industry Growth Areas

Research conducted by the District government's Office of Labor Market Research and Information and by Hammer, Siler, George Associates suggests that the high potential growth areas over the next ten-year period will be in the service sector and in federal government employment. Industrial employment is projected to continue its decline. The major employment thrusts within the District over the next ten years will not likely be in those economic sectors that could generate substantial industrial development.

TABLE 4-1. EMPLOYMENT PROJECTIONS FOR WASHINGTON , D.C. 2000-2013

Industry	2000	2013	2000 Share	2013 Share	Job Growth
Total, All Industries	680,042	770,067	100.0%	100.0%	90,025
Construction	10,919	12,229	1.6%	1.6%	1,310
Manufacturing	11,387	11,364	1.7%	1.5%	-23
Durable Goods	*948*	*992*	*0.1%*	*0.1%*	*44*
Non-Durable Goods	*10,439*	*10,371*	*1.5%*	*1.3%*	*-68*
Transport., Communications & Utilities	26,655	27,698	3.9%	3.6%	1,043
Wholesale Trade	5,560	4,824	0.8%	0.6%	-736
Retail Trade	46,138	47,741	6.8%	6.2%	1,603
Finance, Insurance and Real Estate	32,239	36,775	4.7%	4.8%	4,536
Services	306,332	370,821	45.0%	48.2%	64,489
Other	307	392	0.0%	0.1%	85
Federal Government	175,847	189,827	25.9%	24.7%	13,980
State and Local Government	25,356	28,520	3.7%	3.7%	3,164
Self-Employed	39,302	39,877	5.8%	5.2%	575

Sources: D.C. Department of Employment Services and Hammer, Siler, George Associates.

As shown, the largest job-generating sector over the next decade is projected to be the services sector, adding approximately 64,000 jobs between the current year and 2013. In the process, the service sector's share of overall District employment is projected to increase from 45 percent to beyond 48 percent. Federal government employment is also forecast to increase – adding nearly 14,000 jobs over the ten-year period. Industrial sectors, meanwhile, are projected to decline in employment, or to increase only modestly.

Employment Generated from Industrial Growth

Table 4-1 shows that most of the employment losses over the next ten year period will be in industry sectors that would drive industrial development. Therefore, it is the conclusion of this market assessment that there will be no net new industrial employment in the District of Columbia capable of driving the absorption of additional industrial acreage.

ACREAGE REQUIRED TO SUPPORT NEW GROWTH

This analysis clearly indicates that there will be no industrial acreage required to support net new industrial growth in the District of Columbia over the next ten-year period.

Replacement Potential

Washington, D.C.'s manufacturing base is relatively small as compared with other cities of its size. The base is composed largely of four manufacturing categories. These include the following:

➤ Food manufacturing

➤ Printing and related support activities

➤ Nonmetallic mineral product manufacturing

➤ Furniture and related product manufacturing

Food Manufacturing

As of 1997 when the last Economic Census was conducted for the manufacturing industry, food manufacturing was the second-largest component of the manufacturing base of Washington, D.C. There were approximately 19 establishments including commercial bakeries, bread & bakery product manufacturing, and bakeries & tortilla manufacturing. These 19 establishments were measured as having 413 employees. Since 1997, several of these establishments have closed their operations.

Printing & Related Support Activities

This is the largest component of the Washington, D.C. manufacturing base. This category is composed of establishments that do commercial and lithographic printing, quick printing, other commercial printing, support activities for printing, and prepress services. At the time of the last Economic Census, there were 114 establishments in this category with nearly 1,800 employees within Washington. This sector of the industrial base has been hit hard by changing technology and by more intense competition from suburban establishments. Since 1997, several have relocated to suburban jurisdictions.

Nonmetallic Mineral Product Manufacturing

This is a relatively small component of the city's industrial base. This component of the base is made up of cement and concrete product manufacturing and ready-mix concrete manufacturing. In the 1997 Economic Census, there were three of these establishments in the District of Columbia, with approximately 100 employees. Because these businesses are not generally considered desirable to be proximate to residential areas, they rarely relocate and tend to want to stay in their present locations.

Furniture & Related Product Manufacturing

Furniture and related product manufacturing is also a small component of the Washington, D.C. industrial base. In 1997, there were two such establishments engaged in the manufacturing of household and institutional furniture and kitchen cabinetry. These two establishments, depending on the seasonal workload, had between 100 and 249 paid employees.

As a next step, Hammer, Siler, George Associates undertook a survey of *Washington Business Journal* articles from 1997, the year of the last Economic Census, through 2003 to determine if any of the above businesses had announced plans to build new facilities or expand in their existing locations. There was no evidence that any of the businesses have plans to build new facilities or expand at their existing locations at this time. We therefore conclude that there will be little replacement potential generated by existing industrial establishments.

CONCLUSION AND IMPLICATION FOR STUDY

Given the decline of industrial/manufacturing employment over the last decade and projections for its continued decline, we have concluded that no additional industrial acreage will be needed in support of net new growth in industrial employment. Further, we have concluded that little or no additional industrial acreage is needed to support replacement space. The inescapable conclusion is that the study area has an excess supply of industrially zoned land. As a follow-up we attempted to identify new and different employment uses for the sites. Our review suggested that a number of cities are using old industrial buildings for the development of artist housing, while others are adaptively reuses such facilities for recreation and entertainment purposes. In

one or two instances we found ideas proposed to use them as call centers. Some consideration should be given to many of these ideas as well as to using some of the sites to solve a parking problem which will have to be addressed if progress is to be made.